INGQUZA HILL LOCAL MUNICIPALITY

2008/2009 ANNUAL REPORT

Prepared by

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1 PART 1: INTRODUCTION AND OVERVIEW

FOREWORD BY THE MAYOR

2008/09 financial year is a period where the municipality has made important achievements.

During the year, under review, we have reviewed and adopted the Intergrated Development Plan (IDP) after following a process where we have witnessed active participation of communities through their ward committees, CBO's, CDW's, councillors, municipal employees and trade unions and managers from both provincila and national departments. IDP representatnibe fora were well attended.

Budget Process were allowing for participation of councillors and communities since it talks directly to IDP. This means that Service Delivery and Budget Implemantation Plan (SDBIP) is the one through which we could use to measure the perfromance of managers if it was impemented in full.

The Inter-governmental Relations forum was launched with the participation of the majority of the departments from other spheres of governance with exception of few departments that need to be followed up. Clusters of IGR need to be strengthened as they were not sitting as scheduled. Governance structures for overseeing all departments needs to be established at a municipal level so as to coordinate and complement the work of councillors, MP's and MPL's and ministers.During the past financial year, Ingquza Hill residents and business were adverslely affected by the ills of the global recession where we witnessed people being indebted to the municipality and experiencing difficulties in reducing their debt.
We witnessed developers losing financial backers that would ensure planned development being persued.

High backlogs in basic rural municipality like ours posed serious institutional challenge. Despite the increase in MIG funding and intervention from DME, they left a small dent in these backlogs.

In 2008/09 financial year we saw many access roads being constructed. Eleven villages were electrified (11, 12 & 17) though outages have not been done. This is because of dedication of the councillors and employees. DBSA assisted a lot in ensuring we get the [lant that would assist in the construction of new access roads and mantainance of the old ones.

Internal audit unit and audit committee were established with O.R Tambo District Municipality ensuring that it shares its internal audit with us. This has helped a lot since for the first time in the history of this municipality, documents required by auditors were submitted and qualifications in expenditure have been reduced to one.

Councillors and employees were taken to training in particular managers were we have to ensure that they have minimum competency levels.

Local Economic Development (LED) projects continued to be supported. There has to be intervention from other sphere in order to ensure effective LED. The municipality is heavily dependent on National fiscus as ninety percent (90%) of the budget is from the conditional and unconditional grants. The municipality makes sure that it spends all the grants it had received and systems are put in place to ensure effective and efficient management.

The municipality has witnessed natural disaster in the form of fire and storms that had a devastating blow to the citizens. The construction of the Disaster Satellite Center by O.R. Tambo Municipality would be great appreciated. Our municipality was able to provide relief and moral support since disaster management is the function of O.R. Tambo District Municipality.

The municipality is still grapping to ensure compliance with all the pieces of legislation but is striving towards that I would like to express my appreciation and gratitude for the achievements during this period to the Speaker, Chief Whip, the Municipal Manager and all the staff of the municipality for the work well done. I would also like to thank the community of Ingquza Hill for the support it has given us during the trying times.

W. Ngozi
Mayor

2 OVERVIEW OF THE MUNICIPALITY

As we present the 2008/09 annual report, it is important to provide an overview of the achievements; and challenges that still lie ahead. Our report covers the five Key Priority Areas of Local Government and also some functions that may not be competence and functions of local municipality.

- **Institutional Transformation and Organisation**

  Our municipality improved a lot in this Key Priority level as we were able to develop an organisational structure that responds to the development objectives and strategies enshrined in the IDP. We were able to implement the Workplace Skills Plan that was developed with the consultation of stakeholders, viz: employees, trade unions, councillors and community.

  The image of the municipality improved a lot in as far as customer care is concerned. Members of the public are not sent from pillar to post. Batho Pele Principles are implemented. Policies to ensure the smooth transformation were adopted by the Council.

- **Local Economic Development**

  The municipality takes local economic development very seriously since it is poor and rural. The municipality has a policy of funding the projects for three consecutive years to ensure sustainability of the projects. The projects benefited youth and women.

  Developers were called upon to invest on shopping malls, housing, offices with the aim of boasting the economy.

- **Basic Service Delivery**

  The core business of the municipality is to deliver basic services in a sustainable manner. Our municipality was able to embark on the construction of access roads and maintenance of some access roads. These were prioritised by the communities in their wards and communities also participated actively during the construction.

  The municipality has also embarked on turnkey electrification programme that is covering three (3) wards (11, 12, and 17).

  It has witnessed the implementation of water projects by OR Tambo District Municipality.

  Indigent people were assisted through subsidisation of Grid and non grid electricity.

- **Financial Management and Viability**

  The municipality has ensured that meagre resources are spent and utilised prudently within the prescripts of MFMA (Municipal Finance Management Act). Finance reports were issued monthly, quarterly and annually. The Financial management system (MUNSOFT) was installed and assists us a lot in the generation of reports that are needed for oversight purposes.

  Supply Chain Management (SCM) regulations were implemented as they are and the SCM policy is in place. Poor people benefited a lot in the implementation of SCM policy.

  There was an improvement in the collection of revenue as Credit Control and Debt Collection policy was implemented in full. There is a need to improve our systems to ensure more revenue collection.

  Budget process and budget control was implemented with the assistance of MUNSOFT though there is still a need to improve in the budget control and adherence to it.

- **Good Governance and Public Participation**

  The Council meetings were properly convened and considered the reports from the Executive Committee which is the principal committee.

Quarterly, S. 72, IDP & Budget, Policies and annual report 2007/2008 were considered by the council. The Executive Committee held series of meetings to oversee the day to day administrative work of the management. Standing Committee (S.80) committees assisted the executive committee.

Ward Committees remained the key Council committees that represented the communities in prioritising the needs of the communities, representing communities in the IDP rep Fora.
Audit Committee assisted a lot in improving the systems and to ensure clean governance. IGR meetings were held to ensure cooperative governance.

1. Organogram
2. Staff development initiatives/ Training Programmes

Conclusion

The municipality has achieved many goals but there are still challenges that need to be tackled by both the Council and its committees to ensure the proper oversight. This annual report outlines the details of the various programmes of the municipality and how we have performed in achieving the annual target we have set.

I wish to express my sincere gratitude to the Mayor for the unwavering support towards the achievement we have mentioned above. We also thank the Council, Executive Committee, and Standing Committee for always ensuring the Oversight over the Management. We also like to thank the staff, trade unions for without them we could not have achieved anything.

Lastly, we express our gratitude to Community Stakeholders, Provincial and National departments, State owned enterprises and the O.R Tambo District Municipality for the support they gave us throughout the Financial Year.

3 PART 2: KPA ACHIEVEMENT REPORT

Chapter 1: Human resource and other organization management –KPA 1

1.1 Presentation of the organizational structure (approved org

As per the organisational structure that was approved for the 2008/9, the total number of posts was three hundred and eighteen (318), two hundred and six (216) have been filled and one hundred and two (102) posts remain vacant.

There are six (6) Senior Managers who completed performance agreements and these were submitted to the Department within the prescribed timeframe.

1.2 Staff development initiatives during the Financial Year

TRAINING PROGRAMMES

COURSE	NO. ATTENDED
1.Project Management	10
2.MFMA	8
3.GAMAP	1
4.Asset Management	3
5.IDP	2
6.Traffic Officers	2
7.Examiner for driving	1
8.Committee & Meetings Management Course	4
9.Provision of close protection to designated persons	1

The WSP was compiled, approved and submitted to Local Government SETA. Full implementation was done during the year under review.

1.3 Key HR statistics per functional area
Full time staff complement per functional area

DEPARTMENT	POST TITTLE	NO.	FILLED	VACANT
Office of the Municipal Manager	**Municipal Manager**	**1**	**1**	**0**
	Snr. Operations Officer	1	1	0
	Internal Auditor	1	0	1
	PA - Municipal Manager	2	1	1
Budget & Treasury	**Chief Financial Officer**	**1**	**1**	**0**
	Snr. Accountant	1	1	0
	PA – CFO	1	1	0
	Accountant (B&T)	1	0	1
	Jnr. Accountant (Budgeting)	1	0	1

	Budget Clerk	1	0	1
	Accountant (Expenditure)	1	1	0
	Jnr. Accountant (Expenditure)	2	1	1
	Expenditure Clerk	2	1	1
	Accountant (Revenue)	1	1	0
	Jnr. Accountant (Revenue)	1	1	0
	Revenue Clerk	1	1	0
	Cashier	2	2	0
	SCM Officer	1	1	0
	SCM Clerk	2	1	1
	Jnr. Accountant (Asset)	1	1	0
	Asset Clerk	2	1	1
Corporate Services	**Corporate Services Manger**	**1**	**1**	**0**
	Snr. Corporate Services Officer	1	1	0
	HRM & Administration Co-ordinator	1	0	1
	Administration Officer	1	0	1
	Administration Clerk	1	1	0
	Cleaning Supervisor	2	0	2
	Cleansing Assistant	12	9	3
	Messenger/Driver	6	6	0
	Snr. Records Management Clerk	1	1	0
	Registry & Archives Clerk	2	1	1
	Fleet Management Officer	1	1	0
	Fleet Management Clerk	2	1	1
	Customer Care Services Officer	2	2	0
	Customer Care Services Clerk	4	4	0
	HR Administration Officer	1	0	1
	Personnel Clerk	2	1	1
	Payroll Clerk	1	0	1
	HR Development Officer	1	0	1
	Training Assistant	1	1	0
	ICT Systems Administration Officer	1	1	0
	ICT Jnr. Technician	2	1	1
	PA- Corporate Services Manager	1	1	0
	Legal Services & Council Support	1	0	1
	Council Support Officer	1	0	1
	Council Support Clerk	1	1	0
	Committee Clerk	2	2	0
	Whip's Clerk	1	0	1
	Executive PA- Speaker	1	0	1
	Legal Services Officer	1	1	0
	Recording Clerk	2	2	0
	IGR Officer	1	0	1
	Labour Relations Officer	1	0	1

Engineering & Infrastructure	**Engineering & Infrastr. Manager**	**1**	**1**	**0**
	Snr. Technician	1	0	1
	PA- Engineering & Infr. Manager	1	1	0
	Technician - Capital Projects	1	1	0
	Jnr. Technician – Roads	1	1	0
	Jnr. Technician - Buildings	1	0	1
	Technician - Operations & Mantain	1	0	1
	Cleansing Caretaker	1	1	0
	Cleansing Supervisor	2	2	0
	Cleansing Assistant	40	33	7
	Administration Officer	1	1	0
	Roads Assistant	16	15	1
	Handyman	1	1	0
	Roads Foreman	1	1	0
	Machine Operator	5	2	3
Community Services	**Community Services Manager**	**1**	**1**	**0**
	Snr. Community Services Officer	1	1	0
	Public Saftey Co-ordinator	1	0	1
	Community Services Co-ordinator	1	0	1
	Chief Traffic Officer	1	1	0
	Superintendent	2	0	2
	Assistant Superintendent	4	2	2
	Traffic Officer	15	4	11
	eNaTIS Supervisor	1	1	0
	VELI Supervisor	1	0	1
	VELI Cashier	2	2	0
	DLTC Supervisor	1	0	1
	DLTC Cashier	2	2	0
	eNaTIS Clerk	1	0	1
	Administration Clerk	2	2	0
	Snr. Security & Protocl Officer	1	0	1
	Security Supervisor	4	4	0
	Security Officer	30	27	3
	VIP Team Leader	1	0	1
	VIP Protection Officer	6	6	0
	Disaster & Risk Management Officer	1	0	1
	PA - Community Services Manager	1	1	0
	Pound Supervisor	2	1	1
	Pounds, Parks & Cemetr. Caretaker	1	1	0
	Pound Master	2	0	2
	Pound Guards	8	5	3
	Rangers	8	0	8

	Cemetry Master	1	0	1
	Cemetry Assistant	8	7	1
	Parks Supervisor	2	2	0
	Parks Assistant	16	13	3
	SPU Officer	1	0	1
	SPU Clerk	1	1	0
	Social Facilitation Officer	1	1	0
	Library Officer	1	1	0
	Library Assistant	4	0	4
Strategic & Development Plann.	**Strat. & Develop. Plan. Manager**	**1**	**1**	**0**
	Snr. Strat. & Dev. Plan. Officer	1	1	0
	Planning & Commun. Co-ordinator	1	0	1
	Town Planner	1	1	0
	Jnr. Town Planner	1	0	1
	Building Control Officer	1	1	0
	Building Inspector	1	0	1
	Communications Officer	1	1	0
	Communications Clerk	1	0	1
	Public Participation Officer	2	1	1
	Community Liaison Officer	2	1	1
	LED Officer (Tourism)	1	1	0
	LED Officer (SMME)	1	1	0
	LED Officer(Agriculture)	1	1	0
	LED Officer(Forestry)	1	0	1
	LED Clerk	2	2	0
	LED Co-ordinator	1	0	1
	Executive PA- Mayor	1	0	1
	PA - Strat. & Dev. Plan. Manager	1	1	0
		0		
		0		
	TOTALS	**318**	**216**	**102**

a) Staff complement in the technical services

1. Technical staff registered with professional bodies

Technical Service (e.g water, electricity etc...)	Total number of technical service Managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional

				body
Engineering	**1**	**2**	**1**	**2**

2. Levels of education and skills

Total number of staff	Number of staff without Grade 12	Number of staff with Senior Certificate only	Number of staff with Tertiary/accredited professionals training
216	94	76	46

3. Trends on total personnel expenditure

Financial Years	Total number of staff	Total approved operating Budget	Personnel expenditure (salary and salary related)	Percentage of expenditure
2006-2007		34 032 522	29 627 862	87%
2007-2008		45 842 889	43 099 483	94%
2008-2009	216	44 311 293	45 306 673	102%

4. List of pension and medical aids to whom employees belong (please add if necessary)

Names of pension fund	Number of members	Names of medical Aids	Number of members
SAMWU National Provident Fund	202	BONITAS	76
		SAMWU Med	13
		Medshield	2
		LA Health	34

1.4 Senior officials' wages and benefits (even if included in the financial statements);

Municipal Manager	R 787 841
Chief Finance Officer	R 666 181
Corporate Services	R 676 663
Technical Services	R 468 229
Community Services	R 677 210
Strategic & Development Planning	R 681 364

1.5 Implementation of the Performance Management System (PMS):

- PMS Framework and policy adopted
- Performance agreements signed with Municipal Manager and Section 57 Managers
- Service Delivery and Budget Implementation Plan framework for performance agreements
- Monthly reports – S71 submitted to Municipal Manager, standing committees and EXCO
- Quarterly and midterm reports submitted to council
- Self evaluation done
- Outstanding scores of formal evaluation by committee comprising of Municipal Manager and Mayor from other municipalities.

1.6 Annual performance as per key performance indicators in municipal transformation and organizational development

	Indicator name	**Total number of people (planned for) during the year under review**	**Achievement level during the year under review**	**Achievement percentage during the year**	**Comments on the gap**
1	Vacancy rate for all approved and budgeted posts;	80	High	80	Budgetary Constraints
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	6	high	100	None
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	6	High	100	None
4	Percentage of Managers in Technical Services with a professional qualification	2	High	100	None
5	Percentage of municipalities within the district area that have a fully functional Performance Management System (DM only)				
8	Percentage of staff that	216	Low	20	First

	have undergone a skills audit (including competency profiles) within the current 5 year term				implementation of HRD Plan
9	Percentage of councillors who attended a skill development training within the current 5 year term	54	High	100	None
10	Percentage of staff complement with disability	1	Low	0.005	
11	Percentage of female employees	91	Average	42.1	
12	Percentage of employees that are aged 35 or younger	67	Low	31	

1.7. Major challenges and remedial actions in regard to human resource and organizational management

CHAPTER 2: BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS (KPA 2)

2.1 WATER SERVICES

a. Water services delivery strategy and main role-players:

Water service is the competency of the District Municipality (O. R. Tambo).The OR Tambo District Municipality is the Water Services Authority and Water Services Provider responsible for planning, implementation, and operation and maintenance of water and sanitation services within the 7 Local Municipalities. In terms of the law the District Municipality is therefore responsible for the development and the implementation of its water services by-laws, District Wide Water Master plans, Water Conservation & Water Demand Management and Water Services Master Plan.

4 O.R. Tambo District Municipality is a grant dependant municipality and most of its water capital projects are funded through the Municipal Infrastructural Grant (MIG) which the Department of Cooperative Government and Traditional Affairs (COGTA), the Department Local Government and Traditional Affairs (DLGTA), National Treasury and Provincial Treasury have micro control.The bulk water supply is funded through the Bulk Infrastructure Grant Funding funded by the Department of Water Affairs (DWA). In terms of the law DWA is the regulator. The Operation and maintenance is funded through the equitable share from the Division of Revenue (DORA) and through own funding

b. Levels and standards in water services

In estimating the water backlogs, the following assumptions have been applied:

1. People with piped and borehole water within 200m are deemed to be served.
2. People sourcing water from springs, rainwater tanks, streams, rivers, dams or water vendors are deemed to be unserved.
3. People sourcing water from communal taps, yard taps or any other more basic source are deemed to be not served to a higher level.

Population served or unserved in 2007 has been escalated from the 2004 figures in line with the projected overall population change from 2004 to 2007

b. Levels and standards in water services:

Water service is the competency of the District Municipality (O. R. Tambo)

c. Annual performance as per key performance indicators in water services

	Indicator name	**Total number of household/customer expected to benefit**	**Estimated backlogs (actual numbers)**	**Target set for the FY under review (actual numbers)**	**Number of HH/customer reached during the FY**	**Percentage of achievement during the year**
1	Percentage of households with access to potable water	100% (279 795)	71.8% (201 452)			
2	Percentage of indigent households with access to free basic potable					

	water					
4	Percentage of clinics with access to potable water					
5	Percentage of schools with access to potable water					
6	Percentage of households using buckets					

A. MAJOR CHALLENGES IN WATER SERVICES AND REMEDIAL ACTIONS

The quality of the tap water is of an unacceptable standard (Thus by visual observation as well as the way it tastes)

- There are constant water cut-offs especial in Flagstaff and this can be attributed to the fact that there water resources in the region are very scarce.
- The above point has lead to point that almost all the rural areas can't be serviced in terms of water.

Backlog eradication is not the only substantial challenge facing the OR Tambo District Municipality. Much of the existing water and sanitation infrastructure is not adequately maintained and, in many cases, is not functioning. Ongoing refurbishment and maintenance is therefore a priority for sustainable water services delivery. The backlog figures should therefore be considered in the light of this situation as they represent the population that is unserved by water or sanitation schemes. Those deemed to be "served" are not necessarily benefiting from a fully functional and operational water service, though they do live in the area covered by some sort of formal scheme.

2. Remedial Actions

The Local Municipality will facilitate the following activities which will be carried out by the District Municipality:

- Testing of the water quality and make the necessary improvements where a need arise.
- The DM should also look at either building more dams in the region, source water from other regions, construct boreholes, or use any alternative measures available in order to meet the demand.

1.2 ELECTRICITY SERVICES

a) **Electricity services delivery strategy and main role-players**

Electrification is the competency of Eskom and therefore the municipality can only play a facilitation role. Backlog in the electrification of Ingquza Hill LM is very significant and as a big number of households are using other alternatives sources of energy. The municipality has engaged DME for electrification of villages in (ward 11, 12&17) from 2009-2011. The project has been started and is progressing well. The role players are Technical Services Department, Eskom, DME, Thunzi Consulting Engineers, Racec Power.

Electricity is not the competency of O.R. Tambo District Municipality in terms of powers and functions. Only KSD and Mbizana Local Municipality are licensed to supply electricity in their towns. The surrounding rural areas of KSD and Mbizana and other five local municipalities are supplied by Eskom. O.R. Tambo District Municipality is only playing a support and the coordinating role in terms of electricity services.

Regarding free basic energy, consultations with the stakeholders are underway in municipalities towards the development of policies thereof. Various sources of electricity have been identified to be the grid, solar energy and gel. So far the public participation processes conducted in this regard indicated that communities are not interested in the alternative sources of energy, they are only interested in the Eskom grid.

The electricity function lies with Eskom, however there are two local municipalities, King Sabata Dalindyebo and Mbizana, who are responsible for the supply of electricity in their towns. Free basic energy policies are being developed by Local Municipalities as indigent policies are being developed.

a) Level and standards in electricity services

1. People who are connected to Eskom grid are regarded as fully served.
2. People who are connected to solar energy and gel are regarded as being served to basic level.
3. People who use candles and paraffin or any other source of energy are regarded as being unserved.

c. Annual performance as per key performance indicators in Electricity services

	Indicator name	**Total number of household/customer expected to benefit**	**Estimated backlogs (actual numbers)**	**Target set for the f. year under review (actual numbers)**	**Number of HH/customer reached during the FY**	**Percentage of achievement during the year**
1	Percentage of households with access to electricity services	100% (279 795)	23%(64 353)			
2	Percentage of indigent households with access to basic electricity services		1 102			

4	Percentage of indigent households with access to free alternative energy sources					

a. Major challenges in electricity services and remedial actions

The municipality still have a huge backlog of electricity and in some instances is due to non accessibility as a result of poor roads infrastructure.

Only 9% of the district's households receive electricity from their local authorities, for example 21% in KSD. More than 60% of the population use candles, and more so in Ntabankulu (90%), Ingquza (82%), Mbizana (79%), Mhlontlo (74%), and Port St John's (62%). Some 27% of people in the district use paraffin.

Current electricity load far exceed the supply and Eskom needs to be engaged in order to strengthening of substations. The rolling out of the REDS programme is eminent in order for the local municipality to benefit in terms of revenue collection.

2.3 Sanitation

a. Sanitation services delivery strategy and main role-players

Sanitation is the competency of District Municipality and therefore the municipality only plays a facilitation role.

b. Level and standards in sanitation services

In estimating the sanitation backlogs, the following assumptions have been applied:

1. People with flushed toilets with waterborne, septic tanks and digesters are regarded as served to higher level
2. People with Ventilated Improved Pits (VIP) are regarded as served to lower level or basic level (RDP standard).
3. People with no toilet infrastructure or a toilet with no ventilated improved pit (pit latrines) or bucket system are regarded as not served.

Population served or unserved in 2007 has been escalated from the 2004 figures in line with the projected overall population change from 2004 to 2007.

c. Annual performance as per key performance indicators in sanitation services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	100% (279 795)	88%(246 220)			
2	Percentage of indigent households with access to free basic sanitation services					
4	Percentage of clinics with access to sanitation services					
5	Percentage of schools with access to sanitation services					

D. MAJOR CHALLENGES IN SANITATION SERVICES AND REMEDIAL ACTIONS

1. Challenges

- Lack of working relations or communication between DM & LM has lead to low or no service delivery with respect to sanitation.
- We are running a risk of facing an outbreak of diseases due to unhygienic ways of living due to poor sanitation methods being employed.
- Lack of adequate water is also stumbling block in terms of installing full water borne toilets system.

Approximately 62% of the population does not have an adequate level of sanitation (at least a VIP or equivalent). Of the 62%, 172,582 households (approximately 914,000 people) are located in the rural areas of the district. Only 4 of the 10 urban areas within the seven municipalities are either fully or partially served by waterborne sanitation systems. The rural areas generally depend on informal pit latrine toilets where at least 91.4% of the population has no formal sanitation services.

Refurbishment and upgrading of existing sewer plant eminent together with the replacement of existing old sewer lines. The implementation of waterborne sewer system in other towns is underway in four towns but more funding is required to upgrade waterborne sewer system in other five towns in the district.

2. 4 Road maintenance

a. Road maintenance services delivery strategy and main role-players

It is the competency of the Local municipality to construct and maintain of the access roads within the Ingquza Hill Municipality jurisdiction. Road maintenance includes re-gravelling, storm water drainage, bridges, pothole patching, paving, road signs, road markings and foot paths. The main role player is the technical services department i.e. its Technical staff with the aid of service providers.

b. Level and standards in road maintenance services

i) Programmed and systematic inspection regime for the road network.
ii) Reasonable smooth sealed driving surface with no dangerous deformations.
iii) Sealed surface shall provide reasonable friction level for vehicles.
iv) Provision of warning signs to road users of hazard potential hazards.
v) Consistent nominal sealed width with no dangerous deformations.
vi) Relatively consistent surface level between seal and the edge of the shoulder.
vii) Regulatory signs to be visible and legible.
viii) Provide smooth riding surface with good drainage.

c. Annual performance as per key performance indicators in road maintenance services

	Indicator name	**Total number of household/customer expected to benefit**	**Estimated backlogs (actual numbers)**	**Target set for the f. year under review (Actual numbers)**	**Number of HH/customer reached during the FY**	**Percentage of achievement during the year**
1	Percentage of households without access to gravel or graded roads					
2	Percentage of road infrastructure requiring upgrade					
4	Percentage of planned new road					

	infrastructure actually constructed					
5	Percentage of capital budget reserved for road upgrading and maintenance effectively used.					

d. Major challenges in road maintenance services and remedial actions

1. Challenges

- There is a very limited budget available or reserved to maintain roads that have been constructed or rehabilitated using MIG funding.
- There is also a lack of resources that are needed to perform the road maintenance function effectively as the available plant (which is also not adequate) is meant for capital projects.
- There is no capacity or resources to assess all our roads and compile a report that will clarify the exact amount of backlogs as well as the condition of them for the purposes of planning and budgeting.

2. Remedial Actions

- The roads maintenance budget needs to be increased to the minimum acceptable level that will enable for the efficient maintenance of roads.
- The Municipality should look at hiring an additional plant with operators that can be used to assist the current plant.
- The Municipality should also look at appointing a service provider or a consortium of Consultants to do a backlog study citing as well the condition of our roads.

The main challenge of road maintenance is heavy rains

2.5 Waste management

a. Waste management services delivery strategy and main role-players

Waste management is the competency of Ingquza Hill LM its focus is in refuse removal and management of dumping sites to practise the high level of environmental health and safety. Refuse removal Services only focuses on the CBDs and peri-urban areas of both units. This leaves out quite a number of households practising their own rubbish disposal and their own refuse sites. The municipality does not have legalized dumping sites. The role players are employees on solid waste section, departmental supervisors and managers, affected communities. A waste collection plan was presented to the Standing

committee and was adopted. The department is currently using this plan in fulfilling the role of refuse collection. A copy of such a plan is attached at the back of this report.

b. Level and standards in waste management services

i) Ensuring environmental healthy areas
ii) Ensuring cleanest towns
iii) Dumping site that are environmentally friendly

c. Annual performance as per key performance indicators in waste management services

	Indicator name	**Total number of household/customer expected to benefit**	**Estimated backlogs (actual numbers)**	**Target set for the f. year under review**	**Number of HH/customer reached**	**Percentage of achievement during the year**
1	Percentage of households with access to refuse removal services	100% (279 795)	97.49% (266 000)			

d. Major challenges in waste management services and remedial actions

Legalising of our dumping sites.

2.6 Housing and town planning

a. Housing and town planning services delivery strategy and main role-players

Housing

In terms of section 9 of the Housing Act of 1997 the Municipality has to ensure that it removes or prevents all obstacles that may make provision of houses to its populace impossible. It further states that the housing process is but a process which is bound to resources that the state has for such housing delivery. Currently there are two low cost housing projects that are existing and they are the following:

- Joe Slovo Settlement 1117 units approved

- Thabo Mbeki Settlement 503 units approved

Joe Slovo Settlement

There are 1111 units that have been constructed and completed, most of the units are occupied by intended occupants. There are no title deeds yet for individual owners which is a major challenge. There is also a challenge in terms of water and sanitation accessibility. The municipality has proposed to reduce the number of units from the approved 1117 to 1111 units because the outstanding units that were constructed have various challenges that may delay the completion of the project. The project is also supposed to benefit in the rectification programme as some of the houses are having some serious deficiencies; to this extent NHBRC has been on site to collect data and measure the extent of the problem. However, the NHBRC report has not yet been forwarded to the municipality nor has any action been taken on the matter.

Thabo Mbeki Settlement

Thabo Mbeki settlement in Flagstaff has 503 subsidies that were are approved; this project had been blocked due to financial mismanagement. Subsequently the Special Investigation Unit was tasked to investigate the mismanagement and irregularities as far back as 2003/04 financial year. There has not been progress that has been reported to the municipality since then. At the time of blocking the project; there were 258 units that had been completed albeit with defects. Transfers of ownership to the beneficiaries had not been completed though started; however there was not a single title deed that was transferred.
Services that were installed had been dilapidated due to poor quality of workmanship; some services like water and sanitation were not installed at all making it difficult to settle in the area.
The matter had been reported to the National assembly in September 2007 when there was visit by National Assembly to the OR Tambo Region in the Eastern Cape. A further report was given to the Portfolio Committee on Housing in February 2008. The National Minister of Housing also visited the project twice in September 2007 and October 2007. The project was also classified as part of rectification programme. At the end of the 2008/09 financial there were 48 slabs that had been completed under the rectification programme. The programme of rectification has been run and managed by the Provincial Department of Housing.

The municipality through its adopted Housing Sector Plan, identified a need to focus on rural housing for the low income group. To this end the municipality has identified five (5) rural housing projects and two (2) urban housing projects for low income earners. The housing projects have indeed been submitted to both the District Municipality and Provincial Department of Housing for consideration. The rural housing projects that have been identified are the following:

- Holy Cross 500 units
- Ngquza 500 units
- Xhopozo 500 units
- Dimfi 500 units
- Mpoza 500 units

The urban area low income housing projects that were identified are the following:

- Unity Park 500 units
- Nkululekweni 500 units

Both of the urban area projects are a part of a mixed developed in terms of density and affordability as these are in-situ developments with both middle-high income earners and low income earners which bodes well with the Breaking New Ground strategy.

Town Planning

The town planning section has ensured that there is a revision of the SDF which had been done in 2005. The reviewed SDF has been adopted by council and it is used by the municipality has a guide for development throughout the municipality. The SDF was developed and adopted in a participatory manner.

In terms of land uses, the SDF appreciates that there has been a limited focus on providing space for middle to high income earners. It therefore makes available land for development of mixed use development with varying densities for both low and middle-high income earners. This would address inclusive societies that we seek to develop.

On other planning matters, the town planning section has also played a significant role alongside the building control function in terms of approval of building plans. There has also been an improvement on the turn-around time for considering rezoning and subdivision applications. This section also managed the settlement upgrading in Holy Cross and Unity park which were completed. Layout maps are available as portfolio of evidence of this achievement.

b. Level and standards in Housing and town planning services

The municipality had set herself a target to revise and review the Housing Sector Plan, this has been achieved hence the new targets and projects were submitted to the Provincial Housing Department. In terms of planning for housing the municipality has improved its capacity by employing a Building Control Officer and has three officials that are suitably qualified in Planning. There has also been support from the interns that were deployed by the Provincial Department of Housing. There were two housing consumer education workshops that were held to raise awareness of the population of their rights in relation to housing.

In terms of town planning there has also been a significant improvement on compliance to the town planning legislation albeit there are delays that are at a provincial level which may not be with the municipal jurisdiction to control. Compliance has also been noticed when 8 B&Bs were assisted by the Municipality to do rezoning applications. The three town planners have improved the accessibility and effectiveness of the town planning section in the municipality.

c. Annual performance as per key performance indicators in housing and town planning services

	Indicator name	**Total number of household/customer expected to benefit**	**Estimated backlogs (Actual numbers)**	**Target set for the f. year under review**	**Number of HH/customer reached**	**Percentage of achievement during the year**
1	Percentage of households living in informal					

	settlements					
2	Percentage of informal settlements that have been provided with basic services					
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses					

d. Major challenges in housing and town planning services and remedial actions

Challenge	**Proposed remedial action**
Completion of the rectification programme of both housing projects	Appeal to the Provincial Department to cancel the current contract of the constructor as they are slow and seem not to be committed
Transfers for both existing housing projects	Apply for funding to do transfers for both projects
Consumer education workshops for all the areas with planned housing projects	Work with the department of Housing to conduct consumer education
Reviewal of the SDF and the HSP	Include the housing sector plan on the IDP reviewal process
Obtaining title deeds for all properties owned by the municipality	Approach a competent planning company to do deeds search and apply for missing title deeds
Develop a Land Use Management Systems and obtain zoning maps	Apply for financial assistance from various institutions for to do LUMS
Creating new townships for both residential and business uses	Appoint competent firms to do township establishment for the proposed townships
Revise advertising tariffs so as to maximise collection of revenue	Submit new tariff structure to council for adoption along with other tariffs of the municipality

Resolving Land Claims both in town and rural areas where there are claims	Approach the Regional Land Claims Commission to hasten the process of resolving and settling the outstanding land claims
Inadequate admin staff support	Review organogram and budget to accommodate recruitment of housing admin clerk

2.7 Spatial planning

a. Preparation and approval process of SDF:

The SDF was adopted was adopted in March 2008 before the commencement of the 2008/09 financial year. This meant that we are able to have an adopted SDF for the purpose of guiding the IDP and development in general. The SDF has been developed in view of the IDP of the municipality, Provincial Growth and Development Plan (PGDP) and the National Spatial Development Perspective (NSDP).

The process of developing the SDF was a consultative process where in all key stakeholders were invited to attend workshops to process the SDF formulation. There was an intensive way of negotiating and debating on key issues of the SDF.

It may be declared that there was a complete by-in to the SDF provisions by stakeholders.The implementation of the SDF is not a mechanical process as the SDF is not the end by itself but rather it is a means to the end. In other words the SDF is used a tool to guide implementation of other important process in the municipality. The SDF sets an urban urge for the next 10 years so as to ensure that development is high densities as opposed to sprawling which may prove to be uneconomic in terms of land availability, transport and services.

The SDF broadly makes proposals for development of the towns both for residential and commercial developments. However, it also promotes quite a lot of mixed use developments. The development nodes that are proposed give a general view of which direction is the expansion of the towns taking, this in turn will help the infrastructure planning and investment to be more proactive and forward looking both in terms of the direction and capacities that are required in future

Major routes are also explained and illustrated in the SDF for the purpose of passenger commuting, commercial transport and tourism linkages. Routes, spines are nodes are clearly defined. This helps to guide tourism development, commercial expansion and residential developments in a coordinated and management manner.

The SDF puts a good emphasis on the potential for tourism development along the coast and elsewhere. It creates tourism routes that include Eco-tourism, Adventure tourism and heritage tourism.

b. Land use management:

The municipality has three planners who handle various town planning and related applications to ensure compliance with Ordinance 33 of 1934.

Received applications

Type	Number
Rezoning Application	9
Sub-Division	6
Special Consent use	0
Removal of restrictive condition	0
Township establishment	4

b. Major challenges in spatial planning services and remedial actions

Challenge	Remedial action
SDF limited to towns and coastal area to some extent	Apply for funding to review SDF and cover the municipality wall-to-wall
No LUMS	Apply for funding to do LUMS
Many people still disregard zoning prescripts and many properties have ignored the restrictive conditions	Collect data of number of properties with zoning certificates and title deeds and encourage people to apply for rezoning and removal of restrictive conditions where necessary

2.8 Indigent policy implementation :

a. Preparation and approval process of the indigent policy

The municipality is expected to provide information on the process that is ongoing for the development of the indigent policy. ???????

b. Implementation of the policy

In case the indigent policy has been developed and approved the municipality should explain the strategy in place for its dissemination and implementation. The Municipality should especially indicate if the Indigent register is in place and maintained regularly. ?????

2.9 Overall service delivery backlogs

Basic service delivery area	30 June 200..			30 June 200..		
Water backlogs (6KL/month)	Required	Budgeted	Actual	required	budgeted	Actual
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total number of HH						

in the municipality						
Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						
Electricity backlogs (30KWH/month)						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality						
Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						
Sanitation backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in						

the municipality						
Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						
Road maintenance backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality						
Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						
Refuse removal						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in						

the municipality						
Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						
Housing and town planning						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)						
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality						
Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						

5 CHAPTER 3: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)

3.1 Brief presentation of LED strategy/plan

By the end of June 2009 the municipality in its quest to develop a Local Economic Development strategy had already development a Socio-economic profile which stated the current economic status.
The last workshop that was held with all relevant stakeholders on the 28th June to the 30th June 2009.
The workshop held the following objectives:

- To develop a shared understanding amongst stakeholders of socio-economic challenges and prospects
- To agree on priority objectives for intervention
- To agree on levers that must turn to unlock the economic potential
- To identify and negotiate objectives and strategies
- To identify catalytic/flagship projects
- Develop institutional mechanism to respond to the LED strategy

The following are stakeholders that participated in the process of the LED strategy formulation

- Mayor and councillors of Ingquza Hill and Ingquza Hill officials
- Sector departments (6 government departments participated)
- The District Municipality
- Government Agencies (10 agencies were invited)
- Labour organisations
- Community representatives e.g. Traditional Leaders, ward committees
- NGOs e.g. Farmers union, church representatives etc

Economic development is also in the context of the Provincial Growth and Development Programme the National Spatial Development Programme. The economic development also seeks align with district economic development strategy. Some flagship national programmes also form part of the economic development process; to this end we refer to the Spatial Development Initiative along the coastline of the wild coast and the Integrated Rural Sustainable Development Programme. The LED programme is also linked to the Spatial Development Framework that has been adopted by the Municipality. The SDF helps to take forward the concept of space economy at a local level as informed by the NSDP.

Also important is the building of partnership with NGO's and other state owned entities and institutions of higher learning. This would also inform the capacity of the municipality to improve research capacity.

SMME Development

The major issue is to respond and support both the formal and Informal economy; for a small municipality like Ingquza Hill there is a great dependency on informal Economic activities. The Municipality is in a drive to recognise that informality does not mean illegality. To this extent the municipality seeks to create infrastructure to support those in the informal economy. On the other hand, there is a need and a drive to support formal economic activities by providing bulk infrastructure like roads, water and sanitation.

Forestry

The available study from the Department of Water Affairs and Forestry suggests that there is high potential for forestry development. To this end the Municipality is in a process of formalising partnership with Asgisa (Pty) LTD to assist the process of aforestation for commercial purpose. However, central to the aforestation programme is the community beneficiation and ownership. The Municipality acknowledges the importance of partnering with one of the established companies in the forestry industry.

Agriculture

Though sometimes this issue of agriculture development is romanticised; studies show that the area of Ingquza Hill has a subtropical climate with one of the best rainfalls in the country. This makes the area to be prima agricultural areas for various crops from vegetables, grain and fruits. The Magwa tea estate is one flagship project that is currently under strain but has quite a huge potential and as such it needs a concerted support both from technical and financial stand point.

On the north eastern end of the Municipality there is a high possibility of live stock production for meet. There is also a dairy that needs proper management and technical skill on the south of the municipality at Lambasi.

Tourism

Some of the best natural scenery and splendour is found in Ingquza Hill led by the ever mysterious and majestic wild coast. The area has two of the worlds five falls that run from earth to the sea. The coastal belt remains general undeveloped and rich in biodiversity. The proposed N2 is hoped to improve accessibility whilst not compromising environmental considerations. Mkhambathi Nature reserve, Mbotyi lodge and other nature reserves are just but a few to mention and as such they need to be supported and developed particularly in view of the pending 2010 World Cup and its legacy thereafter.

Amampodo also boast of a rich culture which has not been exposed adequately and times misunderstood. This culture which include dress code; passage rites; weddings; songs and others are the strength of cultural tourism that has not been well exploited. Equally, there is a rich artistic culture by crafters and other performing arts that needs to be nurtured and exposed. Lastly, heritage and historical tourism is led by the Ingquza Hill of 1960 leads the sector. The massacre is up to now underscored and the municipality is engaging the National Department of Arts and Culture to profile this important part of the liberation history.

LED unit

There is an LED unit which has three (3) LED officers and two (2) admin support staff. The unit is also complemented by two (2) town planners who contribute to realisation of space economy.

3.2 Progress towards achieving the LED key objectives

a. Improve public and market confidence

At the end of the financial year the LED strategy was at its final stages of formulation, however there were activities undertaken in terms of the provisions of the Integrated Development Planning.
The Spatial development Framework had already been adopted and as such it gave a broad view of the space economy. The SDF does indicate general land uses and guidelines of the Land Use Management but the municipality doesn't have the LUMS yet. The currently available cadastral information is used to determine land uses and appropriateness thereof. The SDF has assisted the municipality in guiding applications for commercial developments. There is currently a huge interest that has been shown by private sector on developing Shopping Malls, it is therefore important for the municipality to lead the process of using land.

Linked to the applications by individuals for small businesses and large corporate for shopping malls, centres and complexes, there is a challenge of land invasion. The municipality has had to be involved in no less than nine (9) demolitions. Demolitions are not the first option for the municipality they are the last resort when all has failed. It is also clear from those who have approached the municipality that there are land lords that have assumed an illegal stand to sell municipal land and the pretext that they are traditional leaders. A clear example was the illegal land allocations that were done on the Lusikisiki light industrial township. This has been unfortunate as the department of agriculture has been implicated as having authorised the land grabs. This act if not attended to would seriously compromise investor confidence; the municipality is on top of things currently.

The other issue that has caused the municipality to move at a low pace in facilitating development which includes Lusi Park Development has been the outstanding Land Claims. Both Flagstaff and Lusikisiki commonages under claims that have not been resolved.

Licensing and trading permits

The municipality has not been directly involved in issuing and managing trading licences as this has been a mandate of the Provincial department of Economic affairs. However, the municipality remains responsible for issuing permits for hawker trading in both towns. Because of current congestion in town and a need to restructure the trading and also to provide infrastructure for trading there has not been new permits that were issued for the financial year under review.

Investment

There were five catalytic projects that were identified by the municipality as key for development in the municipality. These projects were packaged and exhibited in the OR Tambo investment conference. The projects are as follows:

- Lusi Park
- Forestry
- Agriculture and process in Lambasi
- Wild Coast development of Golf Estate

- Mining (quarry)

These projects are at different stages of progress with Lusi Park having developers that have been appointed. Further proposals are being developed for the development of the Wild Coast and there has been an expression of interest in the forestry.

Trading By-Laws

There are by-laws that were developed and gazetted to regulate street trading; the by-laws are also supported by a street trading policy which was adopted by the municipality. The challenge that remains is the enforcement of the by-laws.

Provision and maintenance of infrastructure

Infrastructure is one single enabler for economic development which is seriously inadequate. The inadequacy of infrastructure is a historic matter which has to be viewed in the context of poor planning or deliberately limiting development of the rural towns like Lusikisiki and Flagstaff. The linear planning of the towns as resulted on creating pressure points in the town and thereby limiting development. Water and sanitation are a function of the District municipality and as such the local municipality has requested the district municipality to prioritise water and sanitation in both towns.

Further, the municipality is in partnership with Asgisa-EC to conduct a study of infrastructure levels and required levels to cope with the anticipated developments. Once more disaster management is a function of the District municipality, however the municipality has made provision for land to construct a disaster management centre for the district.

b. Exploit comparative and competitive advantage for industrial activities

The large section of the economy of Ingquza Hill is currently based on government services and transfers. There is a very limited industrial activity; however there are light industrial activities that include hardware traders. The only seriously potential light industrial activity is on agro-processing which has not taken shape yet due to low levels of production in terms of quality and quantity.

The Magwa tea estate remains the only light industrial activity which still needs to be enhanced. The tea production may further be improved because of the climatic conditions that are conducive to growing of tea, this (climate) is a major comparative advantage. The sector that has potential that has not yet been exploited is forestry. There is already study has been conducted by DWAF of forestry potential. However, forestry is not exclusively good at Ingquza Hill as other areas like Nyandeni, Mbizana, Umzimkulu are in close proximity; this therefore calls for a cooperation between Ingquza and the neighbouring municipalities.

c.Intensify Enterprise support and business development

Business Development Services

Over the period under review there were services that were facilitated by the municipality for the benefit of the SMME sector.

The first is that the municipality provided space for South African revenue Services to assist small businesses to complete and submit tax returns and also conduct general tax awareness.

The municipality had discussions with SEDA to bring their services closer to their 'clients' to this end SEDA has had visits to engage with small businesses. There has also been an engagement with Eastern Cape Tourism Board to provide training and assistance to local operators particularly around the tourism Indaba month.

The municipality also assisted B&B owners to rezone their properties and comply with other necessary legislative requirements of their operations.

Private and Public Partnership

During this financial year the municipality was involved in discussions with the provincial Department of Health for the development of St Elizabeth hospital. The municipality was supposed to be part of the PPP as land owners, however by the end of the year the agreement had not been concluded owing to terms and conditions of the agreement which were not favourable to the municipality and failure of the department to resolve some of the issues raised by the municipality.

Number of new formal SMMEs established

The entrepreneurial spirit is not yet at a level which we would have said it is addressing the key issues of job creation and poverty eradication. This is indicated by the low number of new and creative initiatives in the SMME sector. There has been new application for funeral parlours in both Lusikisiki for the year under consideration. The second area is the retail sector which is usually linked to multinational anchor tenant developments.

In total there were two funeral parlours that were approved with one in Lusikisiki and the other in Flagstaff. In the retail side there were three banks; one liquor store; 2 clothing shops; one cosmetics; 3 clothing shops; one shoe store; two furniture stores; and one major grocery store. In total there were 14 new businesses that opened during the financial year under review.

- Number of new employment opportunities through Expanded Public Works Programs and Public and Private Partnerships

Chapter 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)

4.1 The audited financial statements

ANNUAL FINANCIAL

STATEMENTS

INGQUZA HILL LOCAL MUNICIPALITY

for the year ended 30 June: ***2009***

Province: Eastern Cape

Contact Information:	
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Name of Chief Financial Officer:	Mr L Pepeta
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Contact telephone number:	043 709 7200
Contact e-mail address:	jwhittal@agsa.co.za
Name of contact at National Treasury:	Keitumetse Malebye
Contact telephone	keitumetse.malebye@treasury.gov.za

number:	
Contact e-mail address:	012 315 5989

INGQUZA HILL LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR END 30 JUNE 2009

General information

Members of the Council

W Ngozi	**Mayor**
B Nkani	**Speaker**
N P Jam-Jam	Member of the Executive Committee
D Mjokovana	Member of the Executive Committee
J N Sabona	Member of the Executive Committee
M Maxhayi	Member of the Executive Committee
F N Mtsotso	Member of the Executive Committee
B Nongoma	Member of the Executive Committee
P Dutshwa	Member of the Executive Committee
T Cezula	Member of the Executive Committee
N A Gagai	Member of the Executive Committee
Z N Mbewu	Member
T Dumisa	Member
G S Sigcau	Member
N E Sigcau	Member

J P Ndingi	Member
S A Kango	Member
A Mtshengu	Member
N Myakela	Member
N Gexu	Member
S H Mpongoma	Member
NCB Mngqinelwa	Member
N C Ngxokile	Member
N M Nkani	Member
F J Cingo	Member
V Gwegwe	Member
T Sibunge	Member
B Joyi	Member
N E Mjojeli	Member
A N Manda	Member
S A Ruleni	Member
N E Nonkuba	Member
N Mjobo	Member
N Jiki	Member
B Mvulana	Member
B Khotsholo	Member
M Mkumla	Member
T S Mzoboshe	Member
B B Goya	Member

General information (continued)

M Tenyane	Member
S Maqutywa	Member
X Dingi	Member
N Mkombe	Member
Z Mveku	Member
N Zathi	Member
B Tabaza	Member
P Ngxamile	Member
N Mjoji	Member
D Thwashuka	Member
S Nkwakhwa	Member
F Magaya	Member
B Phesa	Member
S Hlongwane	Member
T Vimba	Member

Municipal Manager

M Fihlani

Chief Financial Officer

L Pepeta

Grading of Local Authority

Grade 3

Auditors

Auditor-General

Bankers

MEEG BANK

Registered Office:	Flagstaff
Physical address:	
	135 Main Street
	Flagstaff
	4810

INGQUZA HILL LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR END 30 JUNE 2009

General information (continued)

Postal address:	
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	Flagstaff
	4810
Telephone number:	039 252 0131
Fax number:	039 252 0699
E-mail address:	mfihlani@ihlm.gov.za

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 7 to 34, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 12 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

M Fihlani **Date**

Municipal Manager

INGQUZA HILL LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR END 30 JUNE 2009

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INGQUZA HILL LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Notes	2009	2008
		R	R
NET ASSETS AND LIABILITIES			
Net assets		**4 705 666**	**(7 251 051)**
Accumulated surplus / (deficit)		4 705 666	(7 251 051)
Non-current liabilities		**6 825 841**	**-**
Long-term liabilities	1	6 825 841	-
Current liabilities		**21 007 402**	**19 537 326**
Creditors	2	11 475 545	11 198 839
Current portion of long term loan	1	76 791	-
Unspent conditional grants and receipts	3	4 426 336	2 920 395
Bank overdraft	7	5 028 730	5 418 092
Total Net Assets and Liabilities		***32 538 909***	***12 286 275***
ASSETS			
Non-current assets		**19 870 313**	**-**
Investment – FNB RMB	7	3 287 469	-
Property, plant and equipment	5	16 582 844	-

Current assets		**12 668 596**	**12 286 275**
Consumer debtors	6	4 695 504	7 752 316
Call investment deposits	7	829 777	956 690
Bank balances and cash	7	5 101 035	16 542
Vat	4	2 042 280	3 560 727
Total Assets		***32 538 909***	***12 286 275***

INGQUZA HILL LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009	2008
		R	R
REVENUE			
Service charges	8	6 891 561	3 711 737
Donations		27 886	-
Rental of facilities and equipment		33 042	34 410
Interest earned - external investments		246 311	712 191
Fines		3 400	8 400
Government grants and subsidies	9	60 244 416	49 608 044
Licence and permits		20 765	30 116
Proceeds on sale of assets		714 870	-
Other income	10	4 130 372	15 082 729
Total Revenue		**72 312 623**	**69 187 627**
EXPENDITURE			
Employee related costs	11	45 306 673	43 099 483
Repairs and maintenance		3 099 865	1 856 850
Interest paid	13	105 682	-
Contracted services		-	5 285 954
General expenses	21	23 835 435	15 006 631
Total Expenditure		**72 347 655**	**65 248 918**
SURPLUS/(DEFICIT) FOR THE YEAR		**(35 032)**	**3 938 709**

INGQUZA HILL LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Pre-GRAP Old Reserves And Funds R	Accumulated surplus / (Deficit) R	Total R
2008			
Balance at 1 July 2007	8 996 944	8 784 024	17 780 968
Prior year adjustments	-	(8 353 652)	(8 353 652)
Implementation of GRAP (Note 14)	(8 996 944)	(13 511 548)	(22 508 491)
Correction of error (Note 22)		2 302 277	2 302 277
Restated balance	**-**	**(10 778 899)**	**(10 778 899)**
Deficit for the year	-	3 938 709	3 938 709
Withdrawals	-	(410 861)	(410 861)
Balance at 30 June 2008	**-**	**(7 251 051)**	**(7 251 051)**
2009			
Balance at 1 July 2008	-	(7 251 051)	(7 251 051)
Prior year adjustment	-	11 991 749	11 991 749
Restated balance	**-**	**4 740 698**	**4 740 698**
Surplus for the year	-	(35 032)	(35 032)
Balance at 30 June 2009	-	**4 705 666**	**4 705 666**

INGQUZA HILL LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009	2008
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		87 905 943	61 316 001
Cash paid to suppliers and employees		(70 446 820)	(86 663 862)
Cash generated / (utilised) by operations	15	**17 459 123**	**(25 347 861)**
Interest received		246 311	712 192
Interest paid		(105 682)	-
NET CASH FROM OPERATING ACTIVITIES		17 599 752	(24 635 669)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(16 582 844)	-
Proceeds on disposal of PPE		714 870	-
Sale of vacant sites		-	-
NET CASH FROM INVESTING ACTIVITIES		**(15 867 974)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term liabilities		6 902 632	-
Withdrawals from reserves		-	(410 861)
NET CASH FROM FINANCING ACTIVITIES		6 902 632	**(410 861)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**8 634 410**	**(25 046 530)**
Cash and cash equivalents at the beginning of the year		**(4 444 860)**	**20 601 670**

Cash and cash equivalents at the end of the year	16	**4 189 550**	**(4 444 860)**

INGQUZA HILL LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

HOUSING DEVELOPMENT FUND

2. The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

RESERVES

Government Grant Reserve

3. When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant

Reserve to the accumulated surplus.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus. When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus via the Statement of Changes in Net Assets.

4. FINANCIAL INSTRUMENTS

4.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

4.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

4.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liaibilities held at amortised cost, are intitially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilties carried at amortised cost.

5. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

6. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

7. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

8. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

9. LEASES

9.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

9.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

10. REVENUE

10.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

10.2 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

11. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

12. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

13. PROPERTY, PLANT AND EQUIPMENT

3.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The municipality has applied the transitional provision, within GRAP17 - Property, plant and equipment, as it relates to measurement and therefore the cost of the assets have been recorded at provisional amounts, namely at the cost recorded on the previous basis of accounting or at zero. There has been no subsequent measurement of property, plant and equipment and therefore no depreciation has been accounted for in the annual financial statements. The municipality has till the end of June 2011 to measure property, plant and equipment in terms of GRAP17.

When significant components of an item of property, plan and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be a provisional amount.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at the provisional amount.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

13.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

The municipality has applied the transitional provisions within GRAP 17 - Property, plant and equipment and therefore there has been no subsequent measurement. The municipality is in the process of ascertaining values for the assets and this is required to be performed by 30 June 2011.

13.3 DEPRECIATION AND IMPAIRMENT

As the municipality has applied the transitional provision within GRAP 17 - Property, plant and equipment as relates to measurement, no depreciation has been accounted for in the annual financial statements.

13.4
DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R
1. LONG-TERM LIABILITIES		
Loans – DBSA	6 825 841	-
Less : Current portion transferred to current liabilities	76 791	-
Total External Loans	**6 902 632**	**-**

The DBSA external loan is repayable in 2019. The fixed interest rate is 6.75% per annum. One bullet payment at the end of term from proceedings of zero coupon bonds. The payment shall commence on the last day of half year during which the first disbursement was advanced to the Borrower. The loan is secured by the investment held with FNB-RMB which was ceded to the DBSA which is an investment on zero coupon bond and has the following details:

Account number - 128331

Type of account – RMB

Value – R3 287 467

2. CREDITORS

Trade creditors	4 649 726	6 304 222
Audit fees	-	713 945
Accruals	1 910 147	-
Accounting fees	-	253 500
Service bonus (13th Cheque)	728 801	1 146 617
Leave pay	2 689 257	2 780 555
Sale of sites received in advanced	1 497 614	-
Total Creditors	**11 475 545**	**11 198 839**

3. UNSPENT CONDITIONAL GRANTS AND RECIEPTS

Government Grant and Reserve

Housing Development Fund	310 443	310 443
Traffic Testing Centre	115 893	2 609 952
MIG	4 000 000	-
Total Conditional Grants and Receipts	**4 426 336**	**2 920 395**

See note 9 for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilised.

4. VAT

VAT receivable	**2 042 280**	**3 560 727**

VAT is receivable on the cash basis. Only once a receipt is paid to suppliers is VAT claimed from SARS.

5. PROPERTY, PLANT AND EQUIPMENT

30 June 2009

	Land and Buildings	Infrastructure	Other Assets	Total
	R	**R**	**R**	**R**
Carrying Value at 30 June 2009	2 585 209	13 475 633	522 002	**16 582 844**
Cost	2 585 209	13 475 633	522 002	**16 582 844**
Correction of error				
Accumulated Depreciation				
Additions	2 585 209	13 475 633	522 002	**16 582 844**
Depreciation	-	-	-	**-**
Disposals	-	-	**-**	**-**
Cost	-	-	-	-
Accumulated Depreciation	-	-	-	-
Carrying Value at 1 July 2008	**-**	**-**	**-**	**-**
Cost	-	-	-	-
Accumulated Depreciation	-	-	-	-

5.1 The municipality has applied the transitional provisions within GRAP 17 – Property, plant and equipment as relates the

measurement, no depreciation has been accounted for in the annual financial statements. Refer to

accounting policy

number 13.

	2009	2008
6. CONSUMER DEBTORS	**R**	**R**
Rates and refuse	18 097 913	17 865 613
Debtors control	2 636 259	-
Provision for bad debts	(16 038 668)	(10 113 297)
Total	**4 695 504**	**7 752 316**

Reconciliation of the bad debt provision

Balance at beginning of the year	10 113 297	7 597 563
Contribution to the provision	5 925 371	2 515 734
Balance at end of the year	**16 038 668**	**10 113 297**

Rates and refuse: Ageing

Current (0-30 days)	(1 785 398)
31 – 60 Days	232 139
61 – 90 Days	113 339
91 – 120 Days	99 507
120 – 365+ Days	21 482 906
	20 142 493

7. BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts: -	2009	2008
	R	R
Bank and cash		
MEEG: 40-5276-4652	4 929 176	-
FNB: 62003235307	11 797	8 098
FNB: 62219877836	159 583	-
Petty cash	479	8 444
	5 101 035	**16 542**
Overdraft		
FNB: 62224175712	(5 028 730)	-
MEEG bank - 40-5276-4652	-	(5 418 092)
	(5 028 730)	**(5 418 092)**
Call account - FNB – RMB	**3 287 469**	-

This investment deposit serves as a security for a loan from DBSA which is repayable in 2019.

Call account – Unlisted investment		
Meeg – Free basic service	5 253	5 000
Meeg – call account	557 622	1 329
Meeg – Free basic electricity	5 258	5 000
Standard call account	145 391	2 003
Standard call account	116 253	390 026
Standard call account	-	494 770
Meeg	-	58 562

	829 777	**956 690**
TOTAL CASH AND CASH EQUIVALENTS	**4 189 551**	**(4 444 860)**

8. SERVICE CHARGES

Refuse charges	1 280 588	1 127 712
Property rates	5 610 973	2 584 025
Total Service Charges	**6 891 561**	**3 711 737**

9. GOVERNMENT GRANTS AND SUBSIDIES

	2009	**2008**
	R	**R**
Equitable share	45 332 649	35 629 304
National subsidies	735 000	-
Provincial subsidies	619 386	1 276 000
District	120 381	205 798
FMG	250 000	219 298
MIG	13 187 000	12 277 644
Total Government Grant and Subsidies	**60 244 416**	**49 608 044**

9.1 Equitable Share

The Equitable Share is an unconditional grant and is utilised to assist the local municipalities undertake service delivery

9.2 MIG Grant

Balance unspent at beginning of year	-	-
Current year receipts	17 187 000	12 277 644
Conditions met - transferred to revenue	(13 187 000)	(12 277 644)
Conditions still to be met - transferred		
to liabilities (see note 3)	4 000 000	-

This grant was used to construct infrastructure as part of the upgrading of informal settlement areas in the local municipalities (included in the contributions to local bodies in general expenses). No funds have been withheld.

9.3 Changes in levels of government

grants

Based on the allocations set out in the Division of Revenue Act, (Act 2 of 2008), no significant changes in the

level of government grant funding are expected over the forthcoming 3 financial years**.**

10. OTHER INCOME

Advertising rental	76 387	62 728
Funeral fees	9 795	-
Grass cutting	327	-
Lease rentals	163 267	188 239
LG Seta	192 509	62 390
Plan fees	24 605	1 396 719
Pound fees	15 443	67 583
Sale of vacant sites	106 131	-
Sale of wood	50 924	66 284
SALGA	-	2 000
Natis agency fees	3 078 075	-
Sundry income	52 632	1 458 797
Tender documents	46 692	14 404
Traffic fines	305 640	18 126

Vat refund	-	11 731 348
Vending and hawking	7 945	15 110
	4 130 372	**15 082 729**

	2009	**2008**
	R	**R**

11. EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	35 015 159	38 175 129
Employee related costs - Contributions for UIF, pensions and medical aids	3 733 642	3 338 166
Travel, motor car, accommodation, subsistence and other allowances	3 430 556	1 220 395
Housing benefits and allowances	811 028	305 473
Overtime payments	687 112	60 320
Salary/performance bonus	1 629 176	-
Total Employee Related Costs	**45 306 673**	**43 099 483**

Remuneration of the Municipal Manager

Annual Remuneration	615 476	554 480
Bonuses	46 660	56 100
Car Allowance	110 546	105 600
Contributions to UIF, Medical and Pension Funds	15 160	14 400
Total	787 842	730 580

Remuneration of the Chief Finance Officer

Annual Remuneration	495 910	456 446
Bonuses	64 467	23 367
Car Allowance	105 804	109 744
Total	666 181	589 557

Remuneration of Individual Executive Directors

30 June 2009	**Corporate Services**	**Technical Services**
	R	**R**
Annual Remuneration	522 098	391 847
Performance Bonuses	39 508	-
Car Allowance	115 058	76 381
Total	676 664	468 228

30 June 2008	**Corporate Services**	**Technical Services**
	R	**R**
Annual Remuneration	452 619	473 252
Bonuses	23 367	-
Car Allowance	109 744	110 000
Medical and pension funds	-	-
Total	585 730	583 252

11. (Continued)	2009	2008
	R	R
30 June 2009	**Community Services**	**Strategic Planning**
	R	R
Annual Remuneration	522 644	522 918
Performance Bonuses	39 508	42 787
Car Allowance	115 058	115 660
Total	677 210	681 365

30 June 2008	**Community Services**	**Strategic Planning**
	R	R
Annual Remuneration	456 446	456 446
Bonuses	30 504	23 952
Car Allowance	109 744	109 744
Total	596 694	590 142

12.	**REMUNERATION OF COUNCILLORS**		
	Mayor	534 679	481 692
	Speaker	430 939	396 691
	Executive Committee Members	2 428 413	2 634 395
	Councilors	6 894 970	6 889 157
	Councilors' pension contribution	-	-
	Total Councilors' Remuneration	**10 289 001**	**10 401 935**

This is included in employee related costs on the face of the Statement of Financial Position.

13.	**INTEREST PAID**		
	Long-term liabilities	76 791	-

Bank overdrafts	28 891	-
Total Interest on External Borrowings	**105 682**	**-**

	2008
	R

14. CHANGE IN ACCOUNTING POLICY – IMPLEMENTATION OF GRAP

The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of GRAP:

14.1 Project funds

Balance previously reported	
Disbursements fund	3 086
503 Housing fund	310 443
Traffic testing fund	8 272 553
	8 586 082
Implementation of GRAP 1: Presentation of financial statements	
Transferred to unspent condition grant and receipts	2 920 395
Transferred to Accumulated surplus	5 665 687
Total	**8 586 082**

14.2 Provisions and creditors

Balance previously reported	
Creditors	6 304 222
Audit fees	713 945
Accounting fees	253 500
Service bonus (13th cheque)	1 146 617
Leave pay	2 780 555
Total	**11 198 839**
Implementation of GRAP 1: Presentation of financial statements	
Transferred creditors	**11 198 839**

14.3 Income

Balance previously reported	
Central government	44 126 246
Provincial government	1 276 000
District municipality	205 798
Assessment rates	2 584 025
Refuse	1 127 712
Other income	15 867 846
Total	**69 187 627**

	2008 R
14.4 Cash and cash equivalents	
Balance previously reported	
Bank overdraft	(5 409 647)
Call investments deposits	964 788
	(4 444 859)
Implementation of GRAP 1: Presentation of financial statements	
Transferred to bank overdraft	(5 418 091)
Transferred to call investments deposits	956 690
Transferred to bank balance and cash	16 542
	(4 444 859)
14.5 Debtors	
Balance previously reported	
Transferred to consumer debtors	7 752 315
Transferred to other debtors	3 560 727
Total	**11 313 042**
Implementation of GRAP 1: Presentation of financial statements	
Transferred to consumer debtors	7 752 315
Transferred to other Vat	3 560 727
	11 313 042

14.6 Expenditure on Fixed Assets

Balance previously reported	
Expenditure on fixed assets	(19 588 096)
Transferred to other debtors	**(19 588 096)**
Total	
Implementation of GRAP 1: Presentation of financial statements	
Transferred to accumulated surplus / (deficit) (see note 14.7)	**(19 588 096)**

14.7 Accumulated surplus / (Deficit)

Balance previously reported	
Implementation of GRAP 1: Presentation of financial statements	
Transferred from project funds (see 14.1 above)	5 665 687
Expenditure on fixed assets in prior years (see note 14.6)	(19 588 096)
Withdrawal from funds in the prior year	410 861
Total effect on GRAP on opening balance (Refer statement of changes in net assets	**(13 511 548)**

15. CASH GENERATED/ (UTILISED) BY OPERATIONS

Surplus/(deficit) for the year	(35 032)	3 938 709
Adjustment for:-		
Implementation of GRAP	-	(19 588 096)
Proceeds on sale of assets	(714 870)	-
Prior year adjustment	11 991 749	(8 353 653)
Investment income	(246 311)	(712 191)
Interest paid	105 682	-
Operating surplus/(deficit) before working capital changes:	**11 101 218**	**(24 715 231)**
Increase in inventories	-	-
Decrease in consumer debtors	3 056 810	1 194 217
Increase in other debtors	-	-
Increase in creditors	276 706	(4 528 678)
Decrease in VAT	1 518 447	2 701 832
Decrease in unspent conditional grant	1 505 941	-
Cash generated by operations	**17 459 122**	**(25 347 860)**

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

Bank balances and cash	5 101 034	8 444
Bank overdraft	(5 028 730)	(5 418 091)
Call investments deposits	4 117 246	964 788
Total cash and cash equivalents	**4 189 550**	**(4 444 859)**

17. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 1)	6 825 841	-
Used to finance PPE – at cost and is disclosed as	6 825 841	-

capital commitment.		
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities	3 208 500	-
Cash required for repayment of long-term liabilities	**3 617 341**	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

INGQUZA HILL LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

	2009	**2008**
	R	**R**

18. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

18.1 Audit fees

Opening balance	713 945	780 000
Current year audit fee	-	713 945
Amount paid - current year	(713 945)	(780 000)
Amount paid - previous years		-
Balance unpaid (included in creditors)	**-**	**713 945**

18.2 VAT

VAT inputs receivables and VAT outputs receivables are shown in note 4. VAT returns have been submitted by the due date with the exception of June figures which will be submitted in August with July figures.

18.3 PAYE and UIF

Opening balance	`-
Current year payroll deductions	4 592 642
Amount paid - current year	(3 813 349)
Amount paid - previous years	(350 022)
Balance unpaid (included in creditors)	**429 271**

The balance represents PAYE and UIF deducted from the

June 2009 payroll. These amounts were paid during July

2009.

18.4 Pension and Medical Aid Deductions

Opening balance	-
Current year payroll deductions and Council Contributions	5 404 613
Amount paid - current year	(3 540 789)
Amount paid - previous years	(1 863 824)
Balance unpaid (included in creditors)	**-**

The balance represents pension and medical aid contributions deducted from employees in the June

well as Council's contributions to pension and medical aid funds. These amounts were paid during Ju

	2009	2008
	R	R

19. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:		
- Approved and contracted for	6 825 841	-
Other	6 825 841	-
Total	**6 825 841**	**-**
This expenditure was financed from:		
DBSA Loan	6 825 841	-
	6 825 841	**-**

20. CONTINGENT LIABILITY

Claim for damages	-	4 200 000

From time to time the municipality is involved in litigation in the normal course of business. The outcome of the proceedings and claim cannot be predicted with certainty.

21. GENERAL EXPENSES

General expenses are stated after taking into account amount others the following:

Accounting and audit fees	137 749	1 066 132
Bad debts provision	5 925 370	-
Consultants and professional fees	2 390 183	5 285 954
Depreciation	5 842 503	5 500 424

Interest paid	28 891	-
Legal fees	2 142 397	3 582 656
Mayoral fund	277 866	841 827
Property valuation	276 948	-
Auction expenses	10 556	-
Telephone	1 680 181	1 613 318
Support to traditional leaders	80 998	-
Hotel accommodation	1 876 779	-
Vehicle fuel and oil	822 910	793 521

22. CORRECTION OF ERROR

During the year ended 30 June 2009 revenue in respect to property rates were identified which were accrued but not recorded in prior periods.

The comparative amount have been restated as follows:

Debtors	2 302 277
Net effect on surplus / (deficit)	**2 302 277**
Assets	2 302 277
Net effect on statement of financial position	**2 302 277**

	2009	**2008**
	R	**R**

24. PRIOR YEAR ADJUSTMENTS

Prior year adjustments	11 991 749	8 353 652

			period	Interest paid			Property, Plant &	with the MFMA
		R	R	R	R		R	R
1	2009/05	-	6 825	76 791	6 902		6 825 841	-
		-	**6 825**	**76 791**	**6 902**		**6 825 841**	**-**

APPENDIX B

INGQUZA HILL LOCAL MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

Category	Opening Balance	Additions	Transfer	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Carrying Value
Land and buildings										
Land and buildings		2 585 209			2 585 209					2 585 209
Infrastructure										
Access roads		13 475 633			13 475 633					13 475 633
Other assets										
Office equipment and furniture		453 378			453 378					453 378
Vehicles		-								
Plant and equipment		68 624			68 624					68 624
Computer software		-								
Town Halls Tool Box		-								

Total		**16 582 844**			**16 582 844**					**16 582 844**

APPENDIX C

INGQUZA HILL LOCAL MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2009

Department	Opening Balance	Additions	Transfer	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Carrying Value
Municipal Council		1 053			1 053					1 053
Speaker		-			-					-
Mayor		-			-					-
Management office		1 053			1 053					1 053
Budget and treasury		92 020			92 020					92 020
Administration		-			-					-
Human resources		128 116			128 116					128 116
Community services		97 755			97 755					97 755
Infrastructure and engineering		16 172 902			16 172 902					16 172 902
Local Economic Development		89 945			89 945					89 945

Total		**16 582 844**			**16 582 844**					**16 582 844**

30 JUNE 2009

2008				2009		
Revenue	**Expenses**	**Surplus/ (Deficit)**	**Department**	**Revenue**	**Expenses**	**Surplus/ (Deficit)**
R	**R**	**R**		**R**	**R**	**R**
13 188 701	11 161 107	2 027 594	Municipal Council	9 831 518	10 424 731	(593 213)
560 038	(304 142)	864 180	Speaker	197 993	33 006	164 987
2 251 247	1 416 746	834 501	Mayor	1 919 504	954 112	965 392
3 895 531	5 353 584	(1 458 053)	Management office	4 263 546	3 829 457	434 089
6 810 683	8 980 930	(2 170 247)	Budget and treasury	9 167 329	16 172 535	(7 005 206)
8 722 752	10 654 726	(1 931 974)	Administration	3 529 915	8 897 961	(5 368 046)
2 370 655	3 511 071	(1 140 416)	Human resources	2 817 802	3 015 773	(197 971)
9 201 750	10 279 236	(1 077 486)	Community services	9 208 105	13 232 843	(4 024 738)
19 096 344	11 133 335	(7 973 009)	Infrastructure and engineering	28 065 298	11 521 019	16 544 279
3 089 927	3 062 325	27 602	Local Economic Development	3 311 613	4 266 218	(954 605)
69 187 628	**65 248 918**	**3 938 710**	**Total**	**72 312 623**	**72 347 655**	**(35 032)**

4.2 Budget to actual comparison

Provide a narrative explanation of the variances in respect of actual income and expenditure when compared to the budget. This comparison must be done against the original budgeted or budget adjustment figures (as approved by council in the budget resolution) as this was the basis for consultation with stakeholders and used to justify the rates and charges raised.
REVENUE

Item Name	Budget	actual received	Variance	Variance %
ASSESSMENT RATES	1 685 000.00	5 276 990.72	3 591 990.72	313.17%
IEC – GRANT	1 325 486.00	619 385.96	-706 100.04	46.73%
DONATIONS	-	27 885.96	27 885.96	
REFUSE REMOVAL	1 176 856.00	1 280 587.55	103 731.55	108.81%
IDP DEVELOPMENT ORT	250 000.00	120 380.68	-129 619.32	48.15%
GRASS CUTTING SERVICES	1 200.00	326.82	- 873.18	27.24%
LG SETA TRAINING	192 509.00	192 509.05	0.05	100.00%
FUNERAL FEES	6 000.00	9 794.79	3 794.79	163.25%
PLAN FEES & SERVITUDES	15 000.00	23 281.61	8 281.61	155.21%
POUND FEES	15 000.00	15 443.02	443.02	102.95%
VALUATION ROLL	500 000.00	-	-500 000.00	0.00%
TENDER DOCUMENTS	100 000.00	46 693.00	-53 307.00	46.69%
VENDING & HAWKING	3 600.00	7 945.78	4 345.78	220.72%
TESTING CENTRE	2 000 000.00	-	-2 000 000.00	0.00%
NATIS AGENCY FEES	1 289 264.00	3 078 075.04	1 788 811.04	238.75%
ADVERTISING RENTAL	76 387.00	76 387.36	0.36	100.00%
LEASE RENTALS	200 000.00	163 267.00	-36 733.00	81.63%
RENT: HALL	40 000.00	33 042.20	-6 957.80	82.61%
INTEREST : INVESTMENTS	150 000.00	246 310.51	96 310.51	164.21%
FINES	5 000.00	3 400.00	-1 600.00	68.00%
TRAFFIC FINES	180 000.00	305 640.00	125 640.00	169.80%
LICENCES: BUSINESS	15 000.00	20 765.00	5 765.00	138.43%
FINANCE MANAGEMENT GRANT	250 000.00	250 000.00	-	100.00%

EQUITABLE SHARE	45 332 000.00	45 332 649.05	649.05	100.00%
CONSOLIDATED MUNICIPAL	500 000.00	-	-500 000.00	0.00%
MUNICIP SYSTEMS IMPROVEMENT	735 000.00	735 000.00	-	100.00%
MUNICIPAL INFRASTRUCTURE GRANT	17 418 000.00	17 187 000.00	-231 000.00	98.67%
SALE OF SITES	2 000 000.00	1 603 745.00	-396 255.00	80.19%
SALES: WOOD	62 000.00	50 924.31	-11 075.69	82.14%
SUNDRY INCOME	-	52 631.58	52 631.58	
SALE OF VEHICLES	550 000.00	-	-550 000.00	0.00%
VAT REFUND	10 402 239.00	-	-10 402 239.00	0.00%
SURVEY & PLANNING	1 000 000.00	1 323.00	-998 677.00	0.13%
LOAN –DBSA	7 000 000.00	-	-7 000 000.00	0.00%
			-	
TOTAL REVENUE	**94 475 541.00**	**76 761 384.99**	**-17 714 156.01**	**81.25%**

The budgeted total revenue for the financial year '08/'09 was 94 million and the actual collected revenue during that year was 76 million which reflects 81% revenue collection. There are only four vote items which are below 50% others are below 80 and 90% revenue collection. For internal revenue we notice that we have under budgeted the rates collection which we have rectified on '09/'10 financial year. Two items, sundry income and donations were not budgeted for and this has been rectified.

PERSONAL EXPENDITURE

Item Name	Budget	actual spent	Variance	Variance %
PROFIT/LOSS ON PPE	-	188 929.81	-188 929.81	0.00%
SALARIES	33 716 302.00	35 015 159.40	-1 298 857.40	103.85%
SALARIES : BONUS	1 666 224.00	1 629 176.10	37 047.90	97.78%
SALARIES - LEAVE PAY	243 461.00	241 901.69	1 559.31	99.36%
STANDING AND NIGHT ALLOWANCE	151 831.00	150 959.81	871.19	99.43%

PERFOMANCE BONUS	2 020.00	-	2 020.00	0.00%
ACTING ALLOWANCE	113 506.00	111 148.68	2 357.32	97.92%
ALLOWANCE: WARD ADMINISTRATOR	482 725.00	480 925.00	1 800.00	99.63%
EXPERENTIAL TRAINEES	83 000.00	82 500.00	500.00	99.40%
MEDICAL AID	1 101 233.00	1 081 140.71	20 092.29	98.18%
INSURANCE : UIF	200 120.00	192 852.37	7 267.63	96.37%
PENSION/PROVIDENT FUND CONTRIB	2 472 684.00	2 459 648.47	13 035.53	99.47%
SKILLS DDEVELOPMENT LEVY	41 586.00	-	41 586.00	0.00%
BARGAINING COUNICL LEVY	33 131.00	7 667.90	25 463.10	23.14%
SALGA LEVY	20 305.00	-	20 305.00	0.00%
CELLPHONE ALLOWANCE	146 217.00	92 279.08	53 937.92	63.11%
HOUSING ALLOWANCE	813 047.00	811 028.03	2 018.97	99.75%
TRAVELLING ALLOWANCE	2 304 401.00	2 263 173.76	41 227.24	98.21%
OVERTIME	719 500.00	687 112.32	32 387.68	95.50%
TOTAL PERSONNEL EXPENDITURE	**44 311 293.00**	**45 495 603.13**	**-1 184 310.13**	**102.67%**

Personal expenditure has been exceeded by 1,1 million which was caused by an error when the adjustment budget was drawn. That error was rectified when we were doing the '09/'10 budget.

GENERAL EXPENSE

Item Name	Budget	actual spent	Variance	Variance %
ELECTRICITY PURCHASE	147 200.00	138 569.06	8 630.94	94.14%
ACCOUNTING AND AUDIT FEES	208 812.00	137 748.55	71 063.45	65.97%
COUNCIL FUNCTIONS	7 000.00	1 778.40	5 221.60	25.41%
ADVERTISING FEES	153 369.00	101 641.00	51 728.00	66.27%
DEPRECIATION	-	-	-	#DIV/0!

BANK CHARGES	289 542.00	296 407.12	-6 865.12	102.37%
BOOKS & PUBLICATIONS	20 000.00	6 200.00	13 800.00	31.00%
BEACH MANAGEMENT	140 000.00	121 620.00	18 380.00	86.87%
CATERING - MEETINGS	202 470.72	215 548.43	-13 077.71	106.46%
CLEANING MATERIALS	18 970.00	14 028.21	4 941.79	73.95%
BAD DEBTS	-	-	-	0.00%
CONFERENCE FEES/WORKSHOP & ACC	191 695.00	169 884.12	21 810.88	88.62%
CONSULTANTS & PROF. FEES	2 390 183.00	2 390 182.57	0.43	100.00%
CRIME PREVENTION	19 000.00	12 977.80	6 022.20	68.30%
DISASTER MANAGEMENT	105 500.00	55 800.00	49 700.00	52.89%
EQUITABLE SHARE : FREE BASIC E	499 594.00	554 745.75	-55 151.75	111.04%
INTEREST PAID	-	105 681.61	-105 681.61	0.00%
HEALTH & SAFETY	-75 000.00	-	-75 000.00	0.00%
HIV/AIDS	66 978.00	33 038.78	33 939.22	49.33%
IDP DEVELOPMENT	108 690.00	106 089.07	2 600.93	97.61%
INSURANCE : EXTERNAL	369 185.00	359 154.92	10 030.08	97.28%
INTERNAL AUDIT	150 000.00	57 191.07	92 808.93	38.13%
LEGAL FEES	2 220 634.00	2 142 397.30	78 236.70	96.48%
LICENCE FEES	47 039.00	46 475.70	563.30	98.80%
LOAN REPAYMENT	2 292.00	-	2 292.00	0.00%
MAYORAL FUND	401 338.00	277 866.28	123 471.72	69.23%
PAUPER BURIALS	2 000.00	1 929.82	70.18	96.49%
POSTAGE	1 728.00	1 727.70	0.30	99.98%
AUCTION EXPENSES	11 000.00	10 556.40	443.60	95.97%
PRINTING AND STATIONERY	482	407	75	84.39%

	896.00	539.84	356.16	
PROPERTY VALUATIONS	500 000.00	276 947.51	223 052.49	55.39%
PROTECTIVE CLOTHING	130 000.00	135 428.80	-5 428.80	104.18%
PUBLIC PARTICIPATION	116 919.00	116 673.02	245.98	99.79%
REFUND LAND SALES	45 600.00	36 771.93	8 828.07	80.64%
REFUSE BAGS AND BINS	346 000.00	332 825.60	13 174.40	96.19%
RENT - OFFICE EQUIPMENT	103 000.00	102 741.32	258.68	99.75%
SPECIAL PROGRAMMES	9 000.00	18 783.28	-9 783.28	208.70%
SUBSISTENCE & TRAVELLING	1 069 266.00	1 134 577.99	-65 311.99	106.11%
HOTEL ACCOMMODATION	2 439 492.28	1 876 779.40	562 712.88	76.93%
SUPPORT TO TRADITIONAL INSTITU	89 500.00	80 997.81	8 502.19	90.50%
SURVEY AND PLANNING	705 000.00	486 465.80	218 534.20	69.00%
STAFF SOCIAL DEVELOPMENT	45 000.00	44 892.22	107.78	99.76%
MUNSOFT & PAYDAY	240 212.00	235 680.59	4 531.41	98.11%
TELEPHONE	1 540 646.00	1 680 180.71	-139 534.71	109.06%
TEAM BUILDING	8 000.00	7 269.00	731.00	90.86%
TRAINING : OFFICIALS	482 629.00	409 855.93	72 773.07	84.92%
INSURANCE REPLACEMENTS	21 580.00	633.17	20 946.83	2.93%
UNIFORM - TRAFFIC SECTION	52 000.00	51 452.99	547.01	98.95%
VEHICLE EXPENSE	818 222.00	813 187.94	5 034.06	99.38%
YOUTH DEVELOPMENT PROGRAMME	100 388.00	67 687.72	32 700.28	67.43%
TOTAL GENERAL EXPENDITURE	**17 044 570.00**	**15 676 612.23**	**1 367 957.77**	**91.97%**

The aim for having this table was to show line item expenditure, which ones were overspent and which ones were under spent. Total budget for operational expenditure was 17million with actual of 15,7 million which relates to 92% overall expenditure. There are six line items

which we overspent on. These are. In conclusion the operational expenditure was within the budgeted departmental vote and we managed for budget in financial year well.

REPAIRS & MAINTAINANCE

Item Name	Budget	actual spent	Variance	Variance %
BUILDINGS & INSTALLATIONS	129 700.00	129 865.93	-165.93	100.13%
COMPUTER INSTALLATION	28 311.00	20 697.26	7 613.74	73.11%
ELECTRICITY INFRASTRUCTURE	1 300.00	1 282.34	17.66	98.64%
OFFICE FURNITURE & EQUIPMENT	75 870.00	75 870.23	-0.23	100.00%
PLANT & EQUIPMENT	89 320.00	52 801.03	36 518.97	59.11%
ROAD MAINTENANCE	2 182 307.00	2 181 589.37	717.63	99.97%
STREET LIGHTS	434 893.00	61 500.00	373 393.00	14.14%
TOOLS & EQUIPMENT	202 093.00	101 322.47	100 770.53	50.14%
TOILETS	36 600.00	32 504.68	4 095.32	88.81%
VEHICLES	377 982.00	452 154.17	-74 172.17	119.62%
TOTAL REPAIRS & MAINTAINANCE	**3 558 376.00**	**3 109 587.48**	**448 788.52**	**87.39%**

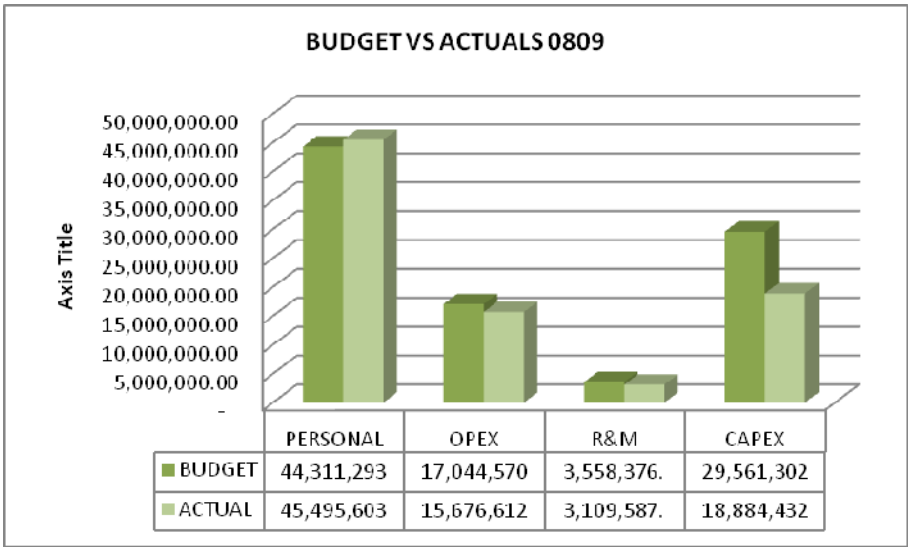
The table above shows variance between budget and actual money spent on repairs and maintenance. With repairs and maintenance the total was 3,5 million with the actual of 3,1million and overall expenditure rate of 87%. One item was overspent here and that is vehicle maintenance.

CAPITAL EXPENDITURE

Item Name	Budget	actual spent	Variance	Variance %
BUS/TAXI FACILITIES	2 000 000	0	2 000 000.00	0.00%
COMPUTER HARDWARE	419 333	305 097.79	114 235.21	72.76%
IEC – EXPENDITURE	506 100	423 338.00	82 762.00	83.65%
FURNITURE & EQUIPMENT	145 295	242 856.30	-97 561.30	167.15%
FLAGSTAFF PAVING	387 977	0	387 977.00	0.00%
GENERATOR BACKUP	36 433	0	36 433.00	0.00%
LANDFILL SITES	182 300	0	182 300.00	0.00%
LOCAL ECONOMIC DEVELOPMENT PROJECTS	616 556	316 951.35	299 604.65	51.41%

MOTOR VEHICLES	182 100	0	182 100.00	0.00%
OFFICE UPGRADE	90 000	0	90 000.00	0.00%
PLANT & EQUIPMENT	7 000 000	36 600	6 963 400.00	0.52%
PROLASER MACHINE	63 596	72 500.00	-8 904.00	114.00%
PLOTTER	25 000	0	25 000.00	0.00%
ROAD CONSTRUCTION	14 094 380	14 249 230.78	-154 850.78	101.10%
SOCIAL FACILITIES	1 237 232	0	1 237 232.00	0.00%
TOOLS & EQUIPMENT	25 000	12 890.00	12 110.00	51.56%
TESTING CENTRE	2 550 000	3 224 968.02	-674 968.02	126.47%
TOTAL CAPITAL EXPENDITURE	29 561 302	18 884 432.24	10 676 869.76	63.88%

The table above shows variance between budget and actual money spent on capital expenditure. With capital expenditure the total budget was R 29.5 million with the actual of R 18.8 million and overall expenditure rate of64%.



The bar chart above is a consolidation of budget vs. actual per activity for the financial year '08/'09. The main purpose for having this chart was to at a glance indicate the summation of

the allocation of the budget per item. Additional to this, it also gives summation of the actual expenditure. Based on the outcome of the bar chart it tells us that the municipality needs to have clear strategy on the management of personnel expenditure and also strategy to improve the capital expenditure

4.3 Grants and transfers' spending

Grant details			**Amount received and spent each quarter**											
			1/04/ to 30/06/2008		01/07 to 30/09/2008		01/10 to 30/12/2008		01/01 to 30/03/2009		01/04 to 30/06/2009		Total	
Project name	Donor name	BF amount	Rec.	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent
MSIG	DPLG				735 000	435 000	0	22 000	0	145 825	0	338 425	735 000	941 250
FMG	NT				250 000	27 231	0	27 231	0	144 971	0	50 567	250 000	250 000
MIG	DPLG				6 154 000	2 730 989	6 305 000	3 323 877	728 000	3 438 444	4 000 000	4 122 617	17 187 000	13 615 927
IEC	IEC								619 386	619 386			619 386	619 386

NB: Included in the MIG receipts on the last quarter is an amount of R 4 million that was received on 30 June 2009 for the 2009/10 financial year.

4.4 Meeting of Donors' requirements in respect of conditional grants

Provide information on the extent to which conditions extended to grants have been met for each conditional grant received during the year. Explanations on the variances are also required.

4.5 Long term contracts entered into by the municipality

During the '08/'09 financial year the municipality has entered into a long term contract with the Development Bank of South Africa for the a loan amounting to 6,8 million. The duration of the contract is 10 years starting from May 2009 till April 2019. The purpose of the contract was to get a loan to purchase plant machinery that will be used to reduce backlog on roads and maintenance.
Provide information to the Department on the type of long term contracts the Municipality has entered into with service providers and other entities. Agreement was that the municipality must put collateral of 3million to invest for 10 years. This is a strategy to pay back the laon

4.6 Annual performance as per key performance indicators in financial viability

	Indicator name	**Target set for the year R(000)**	**Achievement level during the year R(000)**	**Achievement percentage during the year**
1	Percentage of expenditure on capital budget	R29 561 302	R10 687 642	36%
		Target set for the year (35%) R(000)	**Achievement level during the year R(000)**	**Achievement percentage during the year vs the operational budget**
2	Salary budget as a percentage of the total operational budget	R44 311 293	R45 495 603	103%
		Target set for the year (20% or less) **R(000)**	**Achievement level during the year R(000)**	**Achievement percentage during the year vs the actual revenue**
3	Total actual trade creditors as a percentage of total	R8 067 785	R74 014 384	11%

	actual revenue			
		Target set for the year (80% and more) R(000)	**Achievement level during the year R(000)**	**Achievement percentage during the year**
4	Total municipal own revenue as a percentage of the total actual budget	R94 475 541	R76 761 385	81%
		Target set for the year R(000)	**Achievement level during the year R(000)**	**Achievement percentage during the year**
5	Rate of municipal consumer debt reduction	R2 059 245	R5 450 037	38%
6	Percentage of MIG budget appropriately spent	R17 418 000	R13 615 926	78%
7	Percentage of MSIG budget appropriately spent	R735 000	R735 000	100%

4.7 The Audit committee functionality

1. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consists of the members listed hereunder and is supposed to meet four times per annum as approved terms of reference. During the current year three meetings were held of which one was special to discuss financial statements.

Name of Member	**Number of meetings attended**
1 Dr. Prince Mkuseli Mancotywa (Chairperson)	03
2 Mr. Lindela Mtwazi	03
3 Mr. Tembekile Faithful Tayi	03

2. AUDIT COMMITTEE RESPONSIBILITY

The audit committee is satisfied that it has complied though to a certain extent with its responsibilities as outlines in Section 166 of the MFMA No. 56 of 2003. The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee

charter and also reviewed and endorsed the internal audit charter. It has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of Internal Control

- The municipality has not reviewed its risk profile at both strategic and operational level during the year. The audit committee has noted that, the municipality has operated in changing and hence challenging risk management environment and it is encouraged that the municipality and its departments
- The internal audit reports presented and discussed indicated instances where controls were inadequate or ineffective
- Recommendations were provided by internal audit but management fell short in implementing some of the corrective actions
- There are challenges that need to be addressed urgently with regard to governance structures in the municipality
- The municipality must consider establishing its own internal audit unit and risk management unit
- The municipality must also have Fraud Prevention Plan
- An internal anti-corruption committee must be established to reinforce the management as it has shown commitment in the fight against corruption
- The audit committee has noted with concern the issues raised in the report of the auditor General. The audit committee has tasked management to prepare a comprehensive plan to indicate how the municipality will address the issues and report progress regularly to the committee

3. QUALITY OF MAMANGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE ACT

The municipality presented and review meetings. These reports were not tabled to the audit committee due to the challenges of the shared internal audit unit with O.R. Tambo.

Evaluation of financial statements

The audit committee has:

- Reviewed and discussed with the Auditor general and the accounting officer the audited annual financial statements to be included in the annual report.
- Reviewed the Auditor General's management letter and management response

The committee concurs with many issues raised by the Auditor General though it finds it difficult to understand and accept the conclusions of the Auditor General on the annual financial statements

4.8 Arrears in property rates and service charges

4.9 Anti corruption strategy

The Municipality is expected to report on the implementation of its anti-corruption strategy during the year under review. The municipality should clearly provide the following information:

- Development stage of the fraud prevention policy;
- Adoption of the fraud prevention policy by the council;
- Number of Awareness workshop conducted;
- Functionality of the fraud cases reporting mechanism

Chapter 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

5.1 Overview of the Executive and Council functions and achievements;

COUNCIL SITTINGS

TYPE OF MEETING	DATE
Special meeting	10 July 2008
Special meeting	05 September 2008
Special meeting	02 December 2008
Ordinary meeting	10 December 2008
Ordinary meeting	24 February 2009
Ordinary meeting	30 March 2009
Ordinary meeting	28 May 2009

EXECUTIVE MEETING

Type of meeting	Date
Special meeting	4 July 2008
Ordinary meeting	31 July 2008
Special meeting	4 September 2008
Ordinary meeting	21 October 2008
Ordinary meeting	16 February 2009

ROLES OF THE MUNICIPAL COUNCIL

Are elected to represent local communities on municipal councils

Ensure that the municipality has structures mechanisms of accountability to local communities;

Should meet the priority needs of the communities by ensuring that their Councils provide services equitably, effectively and sustainably within the means of the municipality.

ROLES OF THE EXECUTIVE COMMITTEE

Developing and adopting policies, plans, strategies and programmes including setting targets for delivery

Promoting and undertaking development

Establishing and maintaining administration

Administering and regulating its internal affairs and the local government affairs of the local community;

Implementing applicable national and provincial legislation and its by-laws;

Providing municipal services to the local community, or appointing appropriate service providers in accordance with the criteria and process set out in section 78.

Monitoring, and where appropriate, regulating municipal services where those services are provided by service providers other than the municipality;

Preparing, approving and implementing its budget;

Imposing and recovering rates, taxes, levies, duties, service fees and surcharges on fees, including setting and implementing tariff , rates and tax and debt collection policies;

Monitoring the impact and effectiveness of any services, policies, programmes or plans;

Establishing and implementing performance management systems ;

Promoting safe and healthy environment;

Passing by-laws and taking decisions on any of the above-mentioned matters; and doing anything else within its legislative and executive competency.

Among the Achievements

- Oversight of the administration and implementation of policies
- Adoption of IDP , Budget and PMS process plan
- Consideration and adoption of quarterly, Section 72 and annual reports 2007/08
- Consideration of draft IDP and Budget 2009/10
- Adoption of IDP and budget 2009/10
- Consideration of application of land pieces and its disposal
- Consideration and approval of long term loan and overdraft
- Consideration of audited Annual Financial Statement with wrong closing balances that have recurring impact on opening balances. Debtor's balances and salaries balances that were corrected in the Council meeting.

5.2 Public participation and consultation;

In terms of section 20 of the Local Government Systems Act, most of councils that were held during the 2008-09 financial were open councils with members of public allowed to seat on the gallery. However, beyond the council meetings there is a structured way to encourage ordinary citizen either participate in sectoral manner or as individuals.

In terms of sections 18(2)(a),(b) of the Local Government Systems Act 30 of 2000, the municipality has decided to focus on three forms of public participation and that is council meetings, Mayoral Imbizos and Ward Committees. This is so because of the nature of the population which is largely illiterate according to the available statistics.

Mayoral Imbizos

During February 2009, the Mayor with the rest of the Executive Committee and Senior Management were engaged in a an IDP and budget consultative process in terms of section 16(1)(a)(i) of the Local Government Systems Act of 2000 as amended and section 21(1)(a) and 21(2)(a) of the Municipal Finance Management Act 0f 2004. During this process of consultation all the 27 wards were visited and issues that were raised were taken into consideration as part of finalising both the IDP and the budget.

IDP

The IDP is a participatory process which is based on Chapter 5 of the Local Government Systems Act 30 of 2000. The municipality followed the IDP guide packs by ensuring that there are necessary platforms created to ensure that public participation is enhanced. A total of three IDP representatives were held to ensure that it was participatory and therefore credible.

Other Public Hearings

The municipality held public for the purpose of policies that were developed; the SDF and budget.

5.3 Ward committees' establishment and functionality

All 27 wards have ward committees that have been established in terms of section 73 of the Local Government Municipal Structures Act 117 of 1998. It is the understanding of the municipality that all the ward committees are functional albeit with limitations is some wards. Major limitation has been the issue of remuneration; however the municipality resolved on a seating allowance/stipend for the ward committees particularly in view of the vastness of the municipality.

As part of proof of meetings of the ward committees the municipality has set a procedure of making payments of the allowance when there is proof of minutes and or attendance register of the ward committee meeting on monthly basis.

Due to some teething challenges regarding the functioning of ward committees it has not been easy to consistently ensure that ward committees are able to keep record of feedback on community meetings nor has it been possible to keep activity reports. However, the municipality employed a Public Participation Officer who amongst other things focuses on efficiency and effectiveness of the ward committees.

5.4 Community Development workers performance monitoring

The issue of Community Development Workers has continued to have some challenges that are structural and functional. Structural challenges include the reporting lines of the CDW in relation to the ward councillor and the municipality in general as some of the CDW assume a position of independent functionaries who were employed by the provincial government and therefore have no obligations to report to the municipality or the ward councillor. This has resulted in some 'turf wars' as some CDWs assumed political responsibilities that may ordinarily be performed by the ward councillor.

A related challenge is that ward committees continue to matter as to why CDWs are paid a salary when they are doing what the ward committees are doing at best or at worse they are have a job that is ill-defined.

In conclusion, there are no reports nor any information that is available on the functioning of the CDWs. However, this is a general statement as there are a few CDWs who have consistently attended IDP meetings whenever they are convened and they have participated fruitfully.

5.5 Communication strategy

During the financial year under review, the municipality has not been able to develop a Communication Strategy due to budgetary limitations. There has also been a challenge of a Communications Officer who was suspended for quite a lengthy period. There is also a chronic shortage of skills in the communications section.

However, a communications unit was set up and has focussed on specific communication projects and tasks. The following has been the composition of the unit.

- Communications Officer
- Public Participation Officer
- Social Facilitation Officer
- Senior Operations Officer and
- Manager: Strategic & Development Planning

5.7 Intergovernmental Relations

The Intergovernmental Relations Framework Act 13 of 2005 makes provision for the establishment of IGR structure to a level of a District Municipality. For local Municipality there

is ambiguity in terms of the law, as such this leaves participation to local municipality level of IGR to individual departments or individuals.

There were 4 IGR meetings that were held over the year under review; these meetings were over and above the IDP meetings which all sector departments and state agencies are expected.

The municipality has had a very important agreement/partnership with the Regional government of Tuscana through and with the Department of Cooperative Government and Traditional Affairs. Through this partnership the municipality stands to benefit R5 million for community development programmes that are targeting the poor.

PART 3- FUNCTIONAL AREAS REPORTING AND ANNEXURE

A: FUNCTIONAL AREA SERVICE DELIVERY REPORTING

1. General information (population statistics)

<Ingquza Hill Local Municipality > **GENERAL INFORMATION**			
Reporting Level	**Detail**	**Total**	
Overview:	Provide a general overview of municipality: this may include a short narrative of issues peculiar to the municipality and issues specific to the financial year being reported		
Information:	*<Provide statistical information on (as a minimum):>*		
	Geography:		
1	Geographical area in square kilometres Note: Indicate source of information	*<total>*	
	Demography:		
2	Total population Note: Indicate source of information	*<total>*	
3	Indigent Population Note: Indicate source of information and define basis of indigent policy including definition of indigent	*<total>*	
4	Total number of voters	*<total>*	
5	Aged breakdown: - 65 years and over - between 40 and 64 years - between 15 and 39 years - 14 years and under Note: Indicate source of information	 *<total>* *<total>* *<total>* *<total>*	
6	Household income: - over R3,499 per month - between R2,500 and R3,499 per month - between R1,100 and R2,499 per month - under R1,100 per month Note: Indicate source of information	 *<total>* *<total>* *<total>* *<total>*	

2. Finance and Administration function's performance

Function:	**Finance and Administration**
Sub Function:	**Finance**

Reporting Level	Detail	Total	
Overview:	Includes all activities relating to the finance function of the municipality. Note: grants information should appear in Chapter 4 on *Financial Statements and Related Financial Information*.		
Description of the Activity:	The function of finance within the municipality is administered as follows and includes: *<List administration of each function here: this should detail what is offered, and how it is offered to the community>* These services extend to include *<function/area>*, but do not take account of *<function/area>* which resides within the jurisdiction of *<national/provincial/other private sector>* government. The municipality has a mandate to: *<List here>* The strategic objectives of this function are to: *<List here>* The key issues for 200X/0Y are: *<List here>*		
Analysis of the Function:	*<Provide statistical information on (as a minimum):>*		
1	Debtor billings: number and value of monthly billings:		*R (000s)*
	Function - <list function here e.g.: water, electricity etc>	*<total>*	*<total>*
	- Number and amount billed each month across debtors by function (e.g.: water, electricity etc) and by category: Government, Business, Residents and Indigents Note: create a suitable table to reflect monthly billed and received (against billed) across debtors by function (e.g.: water, electricity etc) and by category	*<number>*	*<value>*
2	Debtor collections: value of amount received and interest:	*R (000s)*	*R (000s)*
	Function - <list function here e.g.: water, electricity etc>	*<total>*	*<total>*
	- Value received from monthly billings each month and interest from the previous month across debtors by function (.e.g.: water, electricity etc) and by category: Government, Business, Residents and Indigents	*<received>*	*<interest>*

	Note: create a suitable table to reflect amount received from that month's billings plus interest from the previous month across debtors by function and by category		
3	Debtor analysis: amount outstanding over 30, 60, 90 and 120 plus days:	*R (000s)*	
	Function - <list function here e.g.: water, electricity etc>		
	- Total debts outstanding over 30, 60, 90 and 120 plus days across debtors by function (e.g.: water, electricity etc) and category	*<total>*	
	Note: create a suitable table to reflect debts outstanding over 30, 60, 90 and 120 plus days across debtors by function and category		
4	Write off of debts: number and value of debts written off:		*R (000s)*
	- Total debts written off each month across debtors by function (eg: water, electricity etc) and category	<number>	<value>
	Note: create a suitable table to reflect write offs each month across debtors by function and category		
5	Property rates (Residential):		*R (000s)*
	- Number and value of properties rated	*<number>*	*<value>*
	- Number and value of properties not rated	*<number>*	*<value>*
	- Number and value of rate exemptions	*<number>*	*<value>*
	- Rates collectible for the current year		*<value>*
Reporting Level	**Detail**	**Total**	
6	Property rates (Commercial):		*R (000s)*
	- Number and value of properties rated	*<number>*	*<value>*
	- Number and value of properties not rated	*<number>*	*<value>*
	- Number and value of rate exemptions	*<number>*	*<value>*
	- Rates collectible for the current year		*<value>*
8	Property valuation:		
	- Year of last valuation	*<year>*	
	- Regularity of valuation	*<cycle>*	
9	Indigent Policy:		
	- Quantity (number of households affected)	*<total>*	
	- Quantum (total value across municipality)	*<value>*	
10	Creditor Payments:	*R (000s)*	
	<List creditors here>	*<value>*	*<age>*
	Note: create a suitable table to reflect the five largest creditors individually, with the amount outstanding over 30, 60, 90 and 120 plus days		
11	Credit Rating:	*R (000s)*	
	<List credit rating details here>	*<value>*	*<date>*
	List here whether your Council has a credit rating, what it is, from whom it was provided and when it was last updated		
12	External Loans:	*R (000s)*	*R (000s)*
	- Total loans received and paid during the year	*<received>*	*<paid>*

	Note: Create a suitable table to reflect the balance of each external loan at the beginning of the year, new loans raised during the year and loans repaid during the year as well as the balance at the end of the year. Interest rates payable on each loan, together with the date of repayment should be also disclosed in the table.		
13	Delayed and Default Payments:		
	<List delayed and default payments here>	*<value>*	*<date>*
	List here whether Council has delayed payment on any loan, statutory payments or any other default of a material nature Note: This information need not be reported here if reported as notes to the accounts.		

3. Planning and Development function's performance

Function:	**Planning and Development**		
Sub Function:	**Economic Development**		
Reporting Level	**Detail**	**Total**	
Overview:	Includes all activities associated with economic development initiatives		
Description of the Activity:	The function of economic planning / development within the municipality is administered as follows and includes:		
	<List administration of each function here: this should detail what is offered, and how it is offered to the community>		
	These services extend to include *<function/area>*, but do not take account of *<function/area>* which resides within the jurisdiction of *<national/provincial/other private sector>* government. The municipality has a mandate to:		
	<List here>		
	The strategic objectives of this function are to:		
	<List here>		
	The key issues for 200X/0Y are:		
	<List here>		
Analysis of the Function:	*<Provide statistical information on (as a minimum):>*		
1	Number and cost to employer of all economic development personnel:		*R (000s)*
	- Professional (Directors / Managers)	*<total>*	*<cost>*
	- Non-professional (Clerical / Administrative)	*<total>*	*<cost>*

	- Temporary	*<total>*	*<cost>*
	- Contract	*<total>*	*<cost>*
2	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
3	Detail and cost of incentives for business investment:		*R (000s)*
	<list details>		<cost>
4	Note: list incentives by project, with total actual cost to municipality for year		
	Detail and cost of other urban renewal strategies:		*R (000s)*
5	*<list details>*		<cost>
	Note: list strategies by project, with total actual cost to municipality for year		
6	Detail and cost of other rural development strategies:		*R (000s)*
	<list details>		<cost>
	Note: list strategies by project, with total actual cost to municipality for year		
6	Number of people employed through job creation schemes:		
	- Short-term employment	*<number>*	
	- Long-term employment	*<number>*	
	Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives		
	Number and cost to employer of all Building Inspectors employed:		*R (000s)*
	- Number of Building Inspectors	*<number>*	*<value>*
	- Temporary		
	- Contract		
	Note: total number to be calculated on a full-time equivalent (FTE) basis, total cost to include total salary package		
	Details of building plans:		
	- Number of building plans approved	*<number>*	
	- Value of building plans approved	*<value>*	
Reporting Level	**Detail**	**Total**	
	Note: Figures should be aggregated over year to include building plan approvals only		
7	Type and number of grants and subsidies received:		*R (000s)*
	<list each grant or subsidy separately>	*<total>*	*<value>*
	Note: total value of specific planning and development grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		

4. Community and social services function's performance

Function:	**Community and Social Services**
Sub Function:	**All inclusive**

Reporting Level	Detail	Total	
Overview:	The function involves provision of community services such as community halls, library services, municipal health services, disaster management, pound services, cemeteries and parks.		
Description of the Activity:	The function of provision of various community and social services within the municipality is administered as follows and includes: *<List administration of each function here: this should detail what is offered, and how it is offered to the community>* These services extend to include community safety, disaster *management, municipal health services which are under the jurisdiction of the District Municipality* but do not take account of *education, health and social services* which reside within the jurisdiction of *national/provincial* government. The municipality has a mandate to: *Coordinate all social needs functions in conjunction with the mandated national/provincial departments and other stakeholders including NGOs and CBOs* The strategic objectives of this function are to: *1. Ensure community safety* *2. Provide access to information and reduce illiteracy levels* *3. Reduce disaster risks and their impact on communities* *4. Reduce infection levels of all communicable diseases and increase access to health services* *5. Reduce the levels and impact of poverty in communities* *6. Provide adequate burial systems and services* The key issues for 2008/09 *1. Community Safety* *1.1 High levels of crime in particular crime against women and children* *1.2 Non compliance with liquor trading*		

		regulations *1.3 Non compliance with Road Traffic Regulations* *2. Library Services* *2.1 Lack of awareness about library services* *2.2 High levels of illiteracy* *3. Disaster Risk Management* *3.1 Increasing number of disaster victims* *3.2 Lack of awareness about disaster risk reduction* *4. Health Services* *4.1 Lack of awareness on health issues* *4.2 Limited access to health services* *4.3 Increasing rate of new infections* *5. Cemeteries* *5.1 Inadequate burial system* *5.2 Unsuitable burial site*		
Analysis of the Function:		*<Provide statistical information on (as a minimum):>*		
	1	Nature and extent of facilities provided:	*no of facilities:*	*no of users:*
		- Library services	*2*	*2000 learners p/a*
		- Museums and art galleries	*0*	*<number>*
		- Other community halls/facilities	*2*	*<number>*
		- Cemeteries and crematoriums	*2*	*<number>*
		- Child care (including crèches etc)	*0*	*<number>*
		- Aged care (including aged homes, home help)	*0*	*<number>*
		- Schools	*0*	*<number>*
		- Sporting facilities (specify)	*0*	*<number>*
		- Parks	*<sq km>*	*<number>*
		Note: the facilities figure should agree with the assets register		
	2	Number and cost to employer of all personnel associated with each community services function:		*R(000s)*
		- Library services	*<total>*	*<cost>*
		- Museums and art galleries	*<total>*	*<cost>*
		- Other community halls/facilities	*<total>*	*<cost>*
		- Cemeteries and crematoriums	*<total>*	*<cost>*
		- Child care	*<total>*	*<cost>*

	- Aged care - Schools - Sporting facilities - Parks Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package	*<total>* *<total>* *<total>* *<total>*	*<cost>* *<cost>* *<cost>* *<cost>*
6	Total operating cost of community and social services function		*R (000s)*

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
• *Approved HIV/AIDS strategy;* • *Approved Disaster management policy frameworks and plans (Metro and DM)*	- *< List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.*		

5. Housing function's performance

Function:	**Housing**
Sub Function:	**N/A**

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with provision of housing		
Description of the Activity:	The function of provision of housing within the municipality is administered as follows and includes: *<List administration of each function here: this should detail what is offered, and how it is offered to the community>*		

	These services extend to include *<function/area>*, but do not take account of *<function/area>* which resides within the jurisdiction of *<national/provincial/other private sector>* government. The municipality has a mandate to: *<List here>* The strategic objectives of this function are to: *<List here>* The key issues for 200X/0Y are: *<List here>*		
Analysis of the Function:	*<Provide statistical information on (as a minimum):>*		
1	Number and cost of all personnel associated with provision of municipal housing: - Professional (Architects/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Professional includes project design, Field includes all tradespersons.	 *<total>* *<total>* *<total>* *<total>* *<total>* *<total>*	*R (000s)* *<cost>* *<cost>* *<cost>* *<cost>* *<cost>* *<cost>*
2	Number and total value of housing projects planned and current: - Current (financial year after year reported on) - Planned (future years) Note: provide total project and project value as per initial or revised budget	 *<total>* *<total>*	*R (000s)* *<value>* *<value>*
3	Total type, number and value of housing provided: *<list details by type of dwelling, see below>* Note: total number and total value of housing provided during financial year	 *<total>*	*R (000s)* <value>
4	Total number and value of rent received from municipal owned rental units *<list details, including number of units handed over to residents>*	 *<total>*	*R (000s)* *<value>*
5	Estimated backlog in number of (and costs to build) housing: *<list details by type of dwelling, see below>* Note: total number should appear in IDP, and cost in future budgeted capital housing programmes	 *<total>*	*R (000s)* *<cost>*
6	Type of habitat breakdown: - number of people living in a house or brick structure - number of people living in a traditional dwelling - number of people living in a flat in a block of flats	 *<total>* *<total>* *<total>*	

	- number of people living in a town/cluster/semi-detached group dwelling - number of people living in an informal dwelling or shack - number of people living in a room/flatlet	*<total>* *<total>* *<total>*	
Reporting Level	**Detail**	**Total**	
7	Type and number of grants and subsidies received:		*R (000s)*
	<list each grant or subsidy separately>	*<total>*	*<value>*
	Note: total value of specific housing grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
8	Total operating cost of housing function		*R (000s)*

Key Performance Area	**Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance**	**Current**	**Target**
<List at least five key performance areas relative to the above function as articulated in the 200X/0Y budget here>	*< List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.*		

1. Waste management function's performance

Function:	**Waste Management**
Sub Function:	**Solid Waste**

Reporting Level	**Detail**	**Total**	
Overview:	Includes refuse removal, solid waste disposal and landfill, street cleaning and recycling		
Description of the Activity:	The refuse collection functions of the municipality are administered as follows and include: *<List administration of each function here: this should detail what is offered, and how it is offered to the community>* These services extend to include *<function/area>*, but do not take account of *<function/area>* which resides within the jurisdiction of *<national/provincial/other private sector>*		

	government. The municipality has a mandate to: <*List here*> The strategic objectives of this function are to: <*List here*> The key issues for 200X/0Y are: <*List here*>		
Analysis of the Function:	<*Provide statistical information on (as a minimum):*>		
1	Number and cost to employer of all personnel associated with refuse removal: - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package	 <*total*> <*total*> <*total*> <*total*> <*total*> <*total*>	*R (000s)* <*cost*> <*cost*> <*cost*> <*cost*> <*cost*> <*cost*>
2	Number of households receiving regular refuse removal services, and frequency and cost of service: - Removed by municipality at least once a week - Removed by municipality less often - Communal refuse dump used - Own refuse dump - No rubbish disposal Note: if other intervals of services are available, please provide details	 <*total*> <*total*> <*total*> <*total*> <*total*>	*R (000s)* <*cost*> <*cost*> <*cost*>
3	Total and projected tonnage of all refuse disposed: - Domestic/Commercial - Garden Note: provide total tonnage for current and future years activity	 <*current*> <*current*>	 <*future*> <*future*>
4	Total number, capacity and life expectancy of refuse disposal sites: - Domestic/Commercial (number) - Garden (number) Note: provide the number of tip sites, their total current capacity and the expected lifespan as at end of reporting period	 <*capacity*> <*capacity*>	 <*lifespan*> <*lifespan*>
Reporting Level	**Detail**	**Total**	
5	Anticipated expansion of refuse removal service: - Domestic/Commercial	 <*total*>	*R (000s)* <*cost*>

	- Garden Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	*<total>*	*<cost>*
6	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household) Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	*<total>* *<value>*	
7	Total operating cost of solid waste management function		*R (000s)*

2. Waste water management

Function:	**Waste Water Management**
Sub Function:	**Sewerage etc**

Reporting Level	Detail	Total	Cost
Overview:	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities		
Description of the Activity:	The sewerage functions of the municipality are administered as follows and include: *<List administration of each function here: this should detail what is offered, and how it is offered to the community>* These services extend to include *<function/area>*, but do not take account of *<function/area>* which resides within the jurisdiction of *<national/provincial/other private sector>* government. The municipality has a mandate to: *<List here>* The strategic objectives of this function are to: *<List here>* The key issues for 200X/0Y are: *<List here>*		
Analysis of the Function:	*<Provide statistical information on (as a minimum):>*		

1	Number and cost to employer of all personnel associated with sewerage functions:		*R (000s)*
	- Professional (Engineers/Consultants)	*<total>*	*<cost>*
	- Field (Supervisors/Foremen)	*<total>*	*<cost>*
	- Office (Clerical/Administration)	*<total>*	*<cost>*
	- Non-professional (blue collar, outside workforce)	*<total>*	*<cost>*
	- Temporary	*<total>*	*<cost>*
	- Contract	*<total>*	*<cost>*
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
2	Number of households with sewerage services, and type and cost of service:		*R (000s)*
	- Flush toilet (connected to sewerage system)	*<total>*	*<cost>*
	- Flush toilet (with septic tank)	*<total>*	*<cost>*
	- Chemical toilet	*<total>*	*<cost>*
	- Pit latrine with ventilation	*<total>*	*<cost>*
	- Pit latrine without ventilation	*<total>*	*<cost>*
	- Bucket latrine	*<total>*	*<cost>*
	- No toilet provision	*<total>*	*<cost>*
	Note: if other types of services are available, please provide details		
3	Anticipated expansion of sewerage:		*R (000s)*
	- Flush/chemical toilet	*<total>*	*<cost>*
	- Pit latrine	*<total>*	*<cost>*
	- Bucket latrine	*<total>*	*<cost>*
	- No toilet provision	*<total>*	*<cost>*
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
4	Free Basic Service Provision:		
	- Quantity (number of households affected)	*<total>*	
	- Quantum (value to each household)	*<value>*	
Reporting Level	**Detail**	**Total**	**Cost**
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
5	Total operating cost of sewerage function		*R (000s)*

3. Road maintenance's function's performance

Function:	**Road Transport**
Sub Function:	**Roads**

Reporting Level	Detail	Total	Cost

Overview:	Construction and maintenance of roads within the municipality's jurisdiction		
Description of the Activity:	The road maintenance and construction responsibilities of the municipality are administered as follows and include: *<List administration of each function here: this should detail what is offered, and how it is offered to the community>* These services extend to include *<function/area>*, but do not take account of *<function/area>* which resides within the jurisdiction of *<national/provincial/other private sector>* government. The municipality has a mandate to: *<List here>* The strategic objectives of this function are to: *<List here>* The key issues for 200X/0Y are: *<List here>*		
Analysis of the Function:	*<Provide statistical information on (as a minimum):>*		
1	Number and cost to employer of all personnel associated with road maintenance and construction:		*R (000s)*
	- Professional (Engineers/Consultants)	*<total>*	*<cost>*
	- Field (Supervisors/Foremen)	*<total>*	*<cost>*
	- Office (Clerical/Administration)	*<total>*	*<cost>*
	- Non-professional (blue collar, outside workforce)	*<total>*	*<cost>*
	- Temporary	*<total>*	*<cost>*
	- Contract	*<total>*	*<cost>*
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
2	Total number, kilometres and total value of road projects planned and current:		*R (000s)*
	- New bitumenised (number)	*<kms>*	*<cost>*
	- Existing re-tarred (number)	*<kms>*	*<cost>*
	- New gravel (number)	*<kms>*	*<cost>*
	- Existing re-sheeted (number)	*<kms>*	*<cost>*
	Note: if other types of road projects, please provide details		
3	Total kilometres and maintenance cost associated with existing roads provided		*R (000s)*
	- Tar	*<total>*	*<cost>*
	- Gravel	*<total>*	*<cost>*
	Note: if other types of road provided, please provide details		
4	Average frequency and cost of re-tarring, re-sheeting roads		*R (000s)*
	- Tar	*<total>*	*<cost>*

	- Gravel Note: based on maintenance records		
5	Estimated backlog in number of roads, showing kilometres and capital cost - Tar - Gravel	<*total*>	*R (000s)* <*cost*>
Reporting Level	**Detail**	**Total**	**Cost**
	Note: total number should appear in IDP, and cost in future budgeted road construction programme		
6	Type and number of grants and subsidies received: <*list each grant or subsidy separately*>	<*total*>	*R (000s)* <*value*>
	Note: total value of specific road grants actually received during year to be recorded over the five quarters - Apr to Jun this year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
7	Total operating cost of road construction and maintenance function		*R (000s)*

4. Water distribution function's performance

Function:	**Water**
Sub Function:	**Water Distribution**

Reporting Level	**Detail**	**Total**	**Cost**
Overview:	Includes the bulk purchase and distribution of water		
Description of the Activity:	The water purchase and distribution functions of the municipality are administered as follows and include: <*List administration of each function here: this should detail what is offered, and how it is offered to the community*> These services extend to include <*function/area*>, but do not take account of <*function/area*> which sits within the jurisdiction of <*national/provincial/other private sector*> government. The municipality has a mandate to: <*List here*> The strategic objectives of this function are to: <*List here*> The key issues for 200X/0Y are: <*List here*>		
`	<*Provide statistical information on (as a minimum):*>		

1	Number and cost to employer of all personnel associated with the water distribution function:		*R (000s)*
	- Professional (Engineers/Consultants)	*<total>*	*<cost>*
	- Field (Supervisors/Foremen)	*<total>*	*<cost>*
	- Office (Clerical/Administration)	*<total>*	*<cost>*
	- Non-professional (blue collar, outside workforce)	*<total>*	*<cost>*
	- Temporary	*<total>*	*<cost>*
	- Contract	*<total>*	*<cost>*
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.		
2	Percentage of total water usage per month		
	<Insert table showing monthly water usage >	*<volume>*	*<volume>*
	Note: this will therefore highlight percentage of total water stock used per month		
3	Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer		*R (000s)*
	- Category 1 <insert here>	*<volume>*	*<cost>*
	- Category 2 <insert here>	*<volume>*	*<cost>*
	- Category 3 <insert here>	*<volume>*	*<cost>*
	- Category 4 <insert here>	*<volume>*	*<cost>*
4	Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:		*R (000s)*
	- Category 1 <insert here> (total number of households)	*<volume>*	*<cost>*
	- Category 2 <insert here> (total number of households)	*<volume>*	*<cost>*
	- Category 3 <insert here> (total number of households)	*<volume>*	*<cost>*
	- Category 4 <insert here> (total number of households)	*<volume>*	*<cost>*
5	Total year-to-date water losses in kilolitres and rand		*R (000s)*
	<detail total>	*<volume>*	*<cost>*
Reporting Level	**Detail**	**Total**	**Cost**
6	Number of households with water service, and type and cost of service:		*R (000s)*
	- Piped water inside dwelling	*<total>*	*<cost>*
	- Piped water inside yard	*<total>*	*<cost>*
	- Piped water on community stand: distance < 200m from dwelling	*<total>*	*<cost>*
	- Piped water on community stand: distance > 200m from dwelling	*<total>*	*<cost>*
	- Borehole	*<total>*	*<cost>*
	- Spring	*<total>*	*<cost>*
	- Rain-water tank	*<total>*	*<cost>*
	Note: if other types of services are available, please provide details		
7	Number and cost of new connections:		*R (000s)*
	<detail total>	*<number>*	*<cost>*

8	Number and cost of disconnections and reconnections:		*R (000s)*
	<detail total>	*<number>*	*<cost>*
9	Number and total value of water projects planned and current:		*R (000s)*
	- Current (financial year after year reported on)	*<total>*	*<cost>*
	- Planned (future years)	*<total>*	`
	Note: provide total project and project value as per initial or revised budget		
10	Anticipated expansion of water service:		*R (000s)*
	- Piped water inside dwelling	*<total>*	*<cost>*
	- Piped water inside yard	*<total>*	*<cost>*
	- Piped water on community stand: distance < 200m from dwelling	*<total>*	*<cost>*
	- Piped water on community stand: distance > 200m from dwelling	*<total>*	*<cost>*
	- Borehole	*<total>*	*<cost>*
	- Spring	*<total>*	*<cost>*
	- Rain-water tank	*<total>*	*<cost>*
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
11	Estimated backlog in number (and cost to provide) water connection:		*R (000s)*
	- Piped water inside dwelling	*<total>*	*<cost>*
	- Piped water inside yard	*<total>*	*<cost>*
	- Piped water on community stand: distance < 200m from dwelling	*<total>*	*<cost>*
	- Piped water on community stand: distance > 200m from dwelling	*<total>*	*<cost>*
	- Borehole	*<total>*	*<cost>*
	- Spring	*<total>*	*<cost>*
	- Rain-water tank	*<total>*	*<cost>*
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
12	Free Basic Service Provision:		
	- Quantity (number of households affected)	*<total>*	
	- Quantum (value to each household)	*<value>*	
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
13	Type and number of grants and subsidies received:		*R (000s)*
	<list each grant or subsidy separately>	*<total>*	*<value>*
	Note: total value of specific water grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
14	Total operating cost of water distribution function		*R (000s)*

5. Electricity distribution function's performance

Function:	**Electricity**
Sub Function:	**Electricity Distribution**

Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of electricity		
Description of the Activity:	The electricity purchase and distribution functions of the municipality are administered as follows and include: *<List administration of each function here: this should detail what is offered, and how it is offered to the community>* These services extend to include *<function/area>*, but do not take account of *<function/area>* which resides within the jurisdiction of *<national/provincial/other private sector>* government. The municipality has a mandate to: *<List here>* The strategic objectives of this function are to: *<List here>* The key issues for 200X/0Y are: *<List here>*		
Analysis of the Function: 1	*<Provide statistical information on (as a minimum):>* Number and cost to employer of all personnel associated with the electricity distribution function: - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract	 *<total>* *<total>* *<total>* *<total>* *<total>* *<total>*	 *R (000s)* *<cost>* *<cost>* *<cost>* *<cost>* *<cost>* *<cost>*

	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.		
2	Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer		*R (000s)*
	- Residential	*<volume>*	*<cost>*
	- Commercial	*<volume>*	*<cost>*
	- Industrial	*<volume>*	*<cost>*
	- Mining	*<volume>*	*<cost>*
	- Agriculture	*<volume>*	*<cost>*
	- Other	*<volume>*	*<cost>*
3	Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer:		*R (000s)*
	- Household	*<volume>*	*<cost>*
	- Commercial	*<volume>*	*<cost>*
	- Industrial	*<volume>*	*<cost>*
	- Mining	*<volume>*	*<cost>*
	- Agriculture	*<volume>*	*<cost>*
	- Other	*<volume>*	*<cost>*
4	Total year-to-date electricity losses in kilowatt hours and rand		*R (000s)*
	<detail total>	*<volume>*	*<cost>*
5	Number of households with electricity access, and type and cost of service:		*R (000s)*
Reporting Level	**Detail**	**Total**	**Cost**
	- Electrified areas		
	- Municipal	*<total>*	*<cost>*
	- Eskom	*<total>*	*<cost>*
	- Alternate energy source		
	- Gas	*<total>*	*<cost>*
	- Paraffin	*<total>*	*<cost>*
	- Solar	*<total>*	*<cost>*
	- Wood	*<total>*	*<cost>*
	- Non electrified	*<total>*	*<cost>*
	Note: if other types of services are available, please provide details		
6	Number and cost of new connections:		*R (000s)*
	<detail total>	*<volume>*	*<cost>*
7	Number and cost of disconnections and reconnections		*R (000s)*
	<detail total>	*<volume>*	*<cost>*
8	Number and total value of electrification projects planned and current:		*R (000s)*
	- Current (financial year after year reported on)	*<total>*	*<cost>*
	- Planned (future years)	*<total>*	*<cost>*
	Note: provide total project and project value as per initial or revised budget		
9	Anticipated expansion of electricity service:		*R (000s)*
	<detail total>	*<total>*	*<cost>*

	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
10	Estimated backlog in number (and cost to provide) water connection:		*R (000s)*
	<detail total>	*<total>*	*<cost>*
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
11	Free Basic Service Provision: - Quantity (number of households affected) - Quantum (value to each household) Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.	 *<total>* *<value>*	`
12	Type and number of grants and subsidies received:		*R (000s)*
	<list each grant or subsidy separately>	*<total>*	*<value>*
	Note: total value of specific electricity grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
13	Total operating cost of electricity distribution function		*R (000s)*

B: ANNEXURE

The annexure is made up of the following documents arranged in the sequence below:

1. Full AG reports;
2. Plan of action of the municipality to address findings of the AG report;
3. Audit committee report
4. Approved Municipal Structure (Staff establishment);
5. Council resolutions adopting the Annual Report

For more information on this format please contact

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